

FAR EASTERN ECONOMIC REVIEW

Vol. VII

Hongkong, July 14, 1949

No. 2

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Hongkong & the Dollar Crisis

In order to preserve the US\$ resources of the sterling area dollar pool it has been found necessary to curtail imports from the United States and, to a lesser extent, from Canada. This decision made by the British Government in the course of its latest review of the trade position with the hard currency area, principally with the US, will be backed and adopted by the forthcoming conference of Commonwealth governments in London. The British colonies will cooperate with the Home Government and their respective governments are expected to devise measures calculated to reduce imports from the US to the minimum. This situation is however not to last for longer than three months when it may again be reviewed and provided that by that time the sterling area's unfavourable balance with the US and Canada has undergone a change for the better, higher import quotas for US commodities may be considered.

In the course of post-war trading between the sterling area and the US and Canada progressive imbalance of payments was noted and the American Loan as well as the current ERP deliveries could not correct the British deficit. Fundamentally it is American overproduction in the post-war world and the surfeit of domestic supplies which the US is enjoying which preclude higher exports to the US and thus a situation is created which increasingly leads to imbalances of trade and payment between the US and most other countries. Demand for American manufactured goods and raw materials is as high as ever but the majority of industrial and agricultural countries can now, when most of their hard currency assets have been spent on earlier purchases, only afford to import commodities of a value corresponding to the value of goods which the US buys from them. This situation has been partly alleviated—for buyers and for the domestic economy of the US—by lend-lease, similar loan arrangements, ERP and certain grants made by the US to a number of countries in the years following the end of war.

Nevertheless, the sterling area's deficit in its trade with the US has shown only temporary improvement and

during recent months there has been some deterioration which could only be met by drastic curtailment of sterling area purchases from the US, a measure which the British Government was loth to take but which could not be avoided. There was some criticism in the US when the British decision became known and some cries of discrimination were heard; the US Administration however has shown full understanding and is at present considering the drafting of a new and very comprehensive plan which should, if it materialises, bring about an adjustment of the apparently interminable imbalance of trade and payments which has been plaguing the world for the last 3½ years. America will have to enter into very much closer economic cooperation with the countries of Western Europe and may have to utilise part of her enormous gold stocks as a currency reserve and guarantee for these countries so as to achieve full inter-convertibility and multi-lateralism. But above all, the products of Western Europe and her overseas territories must be assured of markets; planned development and large-scale investment in economically backward areas will be necessary if full employment is to be maintained in the industrial countries and a crisis with all its sinister implications to be prevented.

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Hongkong's position in the current period of extreme dollar shortage is a peculiar one; as a British colony it is obliged to abide by the policies laid down in London which are also adopted by the Commonwealth governments. However, as the Far East's principal entrepot it has been exempted in the past from strict adherence to trade and exchange regulations which were enforced everywhere else in the sterling area. While it is no longer true to state that Hongkong is economically a part of China—although geographically and demographically it is the case—thus being not entitled to claim special treatment by London in matters of trade regulations pertaining to all members of the sterling area, the fact cannot be overlooked that Hongkong is only a small island with a narrow strip of mainland across its harbour

and a population of 1.8 million (including the many Chinese refugees). The Colony's *raison d'être* has been and will continue to be, even more so in the future, its entrepot business any interference with which would reduce Hongkong to just a 'populated centre' with some manufacturing of doubtful prospects unless included in the British Commonwealth.

In recognition of the special conditions to which Hongkong owes its birth, its existence and its flourishing business in the post-war world, the Home Government has allowed the Colony a large measure of latitude in matters of commerce and exchange. A foreign exchange control office is operating in Hongkong but its functions are limited and its present usefulness doubted. Hard currency area business is negotiated entirely on the open exchange market although Exchange Control, earning small amounts from a few selected export commodities, sells, through authorised banks, some US\$ and other hard currencies when imports are deemed to be of the essential category for the use of the Colony's industries and consumers.

Imports from the dollar area, mainly the US, Canada, a number of Latin American republics and the Philippines, have been financed in the past, by & large, by the merchants themselves who acquired the necessary funds on the open market where exporters' proceeds, Chinese family remittances and various assets in New York held by Chinese and other oriental and European nationals have always been on offer. The curtailment of US imports will therefore not interfere with Hongkong's entrepot business. The main purpose of the severe imposition of controls on American exports to sterling area countries is the conservation of the remaining funds of the dollar pool in London and the judicious spending of currently accumulating dollar earnings. Since Hongkong is as far as trade with the dollar area is concerned not actually in the sterling area and export proceeds and other earnings in US\$ are not concentrated in the local Exchange Control fund, there will be no obligation here to cease or curtail US imports. Most imports from the US are re-exported to China and other Far Eastern countries, the local merchants earning profits in which ship-

ping and godown companies, banks and insurance firms etc. all share. That a portion of these US imports will also be sold to local residents may be taken for granted; the consumption power of some 1.8 million people here, the majority of whom are certainly not in a position to consume American goods or to appreciate them in any way, can be virtually ignored. It will however prove important to check on US imports when destined for sterling area countries in the Far East, India or elsewhere and such re-exports should be prevented as they would actually amount to purchases of US commodities against unofficial sterling (converted into US\$ in Hongkong at the open market rate). Other countries like Siam or Indonesia may continue to buy US merchandise via Hongkong in spite of possible payment made in sterling which again would have to be converted here into US\$ at the open market rate.

As a positive step Exchange Control might try to increase its dollar earnings by subjecting more export commodities to the exchange surrender requirement. Whether the amount to be earned by this method would justify the expansion of the operation of the Control office and the irritation caused among merchants is a matter which must be studied and then—abandoned.

On the surface it might look as if Hongkong was not loyal when it comes to financial cooperation with Great Britain; while enjoying the full benefits of membership in the sterling area the commensurate obligations are shunned. Considering however the basis and the peculiar status of this Colony one cannot maintain that the merchants of Hongkong are asking too much and yielding too little.

In the matter of Hongkong-Japan trade an example has been given how this unique entrepot can at the same time contribute to the advance of trade of Japan and other countries on whose behalf Hongkong did business and not to endanger in any way the dollar exchange position of the sterling area. Up to this day Hongkong is doing business with Japan on a two-way open account basis; exports and imports over a period of six months have to balance and so far there never has been any debit of Hongkong. The sterling area has, however, been compelled to trade with Japan on a US\$ settlement basis; if any deficit was incurred, i.e. the sterling area overspent in Japan, it had to be paid in US\$. During the last few weeks there have been negotiations between the British and Japanese (SCAP) authorities for the abolition of the settlement of balances in US\$ and reversion to £ as before the war. It has been often admitted in Japan, by SCAP as well as by the Japanese authorities, that the trade arrangement with Hongkong proved very beneficial to Japan particularly in the early years of trade re-

sumption but it was also Hongkong who profited considerably from this trade. It is another feather in the hat of Hongkong Government that the Japan trade arrangement could be realised in spite of much opposition abroad and lack of proper understanding of Hongkong's *raison d'être*.

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Trading with North China

Exports to North China, on whose success the the price situation here largely depends, have not been able to resume as a result of the Canton govt. closure of ports under Communist control. However many ships sailing for Inchon in Korea have loaded cargo for North China and although this form of transhipment in Korea is an expensive business for the merchants there is no other way open. Those who order the goods, mostly merchants and the authorities in North China, have to pay the extra charges for freight and land transport from Korea into China. Slower movement of cargo is another unpleasant consequence of the 'blockade'. Shipping space here is also not adequately provided if cargo for North China is to be accommodated in Korea bound vessels. More tramp shipping has been diverted to the North and South Korean runs which new development should go a long way towards facilitating indirect ocean communications with North China.

On the other hand, the Canton government is alerted and will try to block or otherwise discourage the Hongkong-North China trade via Korean ports; and in this endeavour the KMT govt. may score some success provided that its naval vessels charged with the duty of interception are not overstepping their rights and sail forth into foreign territorial waters. Some occasional interruption of Hongkong exports to North China, via Korea, must be looked forward to but whether these interference will prove effective enough to curtail trade with North China remains to be seen.

Local merchants, irrespective of political outlook Chinawise, desire only to earn profits and as trade with other areas in the Far East is far less remunerative than business with Communist held China it is only natural to expect that even the staunchest KMT supporting merchants will engage in trade with North China. Therefore, they argue against the enforcement of the 'blockade' and would much more prefer to see the Canton govt. abstain from actively pursuing its desire to cripple economically the Communist regime. No love is lost by most local merchants on the new authorities in Tientsin and Shanghai but by refusing to do business with these areas the merchants would only harm themselves.

So far the various military and other ad hoc authorities in North China ports have been most accommodating desirous as they all are to stimulate trade and remove, as much as is in their power, trade obstacles. There is definitely much concern expressed by officers in the various Military Control Committees lest anything is done discouraging foreign traders from doing business with Communist held China. One tries, in the North, to make a good impression on all arriving traders and thus also hopes to gain their confidence and influence them in such a way as to have them return, with many of their confreres if possible.

The KMT created difficulties are a serious embarrassment and the Communist authorities are at a loss how to combat them. Only broadcasting their indignation and writing editorials in the hackneyed 'Emancipation Dailies' will not right the situation. The common people are not all as bitter about the 'blockade' as may be surmised from the Communist press and radio attacks; on the contrary, most Chinese regard the British and American action protesting against the Canton govt. order of closure of ports under Communist control, as unfair and contrary to the rules of war. That the KMT is fighting obviously a losing battle is generally acknowledged but that it is their good right, especially as the only internationally recognised government of China duly endorsed by the USSR, to do their best to make the final victory a costly one to their 'red' antagonists cannot be denied. The common people are interested and patient onlookers, they suffer without much wailing, taking the punishment of a civil war as just another calamity to which the nation has become inured over many centuries.

Hongkong traders are primarily interested to get the goods to China—and they find in the 'blockade' another of those many hurdles which were placed into the way of trade generally. Their past performance, in the face of trade embargoes and exchange regulations of an almost sadistic type, has been ail to their credit; irrespective of the many prohibitions and persecutions by a thoroughly exploitative and corrupt officialdom, the traders of the Colony and in China have managed to keep the trade flowing. This they are trying right now although it may be regarded in Canton as very 'unpatriotic' while in Tientsin and Shanghai the authorities take the opposite view. The merchants are however less interested in earning such meaningless epithets but are very keen on earning commissions and getting due rewards for their enterprise and courage. The trade and cargo tonnage returns of Hongkong suggest that recent developments in Hongkong-China trade have been better than the averages for the two preceding years and there is much hope that trade, by hook or by crook, is going to be continued with both Chinas.

It is said that governments, systems and ideologies come and go—a probably hideous dictum for the new masters in Shanghai—but the people live for ever. Trade is not a matter which can so easily be stifled and killed, the consumers, the manufacturers and the merchants see to it that official interference with the public weal, albeit decreed in order to further it, is not running amock. In a totalitarian state, however, state interference becomes so powerful that for a long time but never for good—the public has to lie low and to do what is being prescribed by the great theorists and dogmatists. China is, fortunately, far from being a totalitarian state; in what remains of KMT controlled China there is a rule of negligence, graft and ineptitude in which the survival of the fittest is guaranteed and, as one can see with one's own eyes in New York and Washington, there are a few Chinese who have survived in a very grand manner. In 'red' controlled China there is as yet a period of trial and error on; the interim 'New Democracy' which is so soft on the otherwise proscribed capitalists seems to be planned to stay for a good while. The Chinese Communist Party, nevertheless, is following with Marxist-Leninist inevitability the course of socialisation but the Politburo is realistic enough not to press the matter under current conditions particularly when the civil war is still on and the support of the Chinese in the cities is not at all assured. Certain individual freedoms are therefore enjoyed by the people in 'red' China and nobody wants to visualise a totalitarian regime with all its unhappy endings for the progress achieved under the KMT type of democracy which, for all its corruption and oppression, was still moving forward and allowed, by inefficiency of the regime and its all-consuming desire to amass fortunes, the private citizen to live his life without much hindrance and subject only to 'squeeze'.

China-Japan Trade

In a recent announcement Mr. Mao Tze-tung declared his desire that trade should be resumed with Japan and, on the other hand, Japanese industrialists, looking for new markets and remembering their former lucrative trade with China, have expressed a similar wish. In their case, however, the wish has been tentatively put forward with perhaps a full realisation of the many questions such trade relationship might involve. The Communists are well aware that trade with countries outside the "red" orbit is essential while Japanese manufacturers as a body, are motivated by the necessity to explore every trade avenue open to them.

China and Japan are legitimate trading partners, and always regarded themselves as such until the latter's arrogant attitude in the past destroyed what little esteem she may have held in the eyes of the Chinese people and mutually brought the whole of the Far East, including her own country, into the terrible conflagration which is continuing today in another form and with other protagonists. The importance of Japan's trade with China can be verified by the fact that in 1940 she came first on the list for imports into China which were valued at C.N. \$466 million out of C.N.\$2,044 million. Exports to Japan for that year came fourth in China's foreign markets, amounting to C.N.\$126 million out of a world total of C.N.\$1,976 million. With these figures in mind there is little wonder that Japanese traders are casting speculative eyes towards North China, where the bulk of their trade lay.

It has been frankly acknowledged that during the struggle against Japanese invasion the Communists were the most tenacious and the best organised in their determination to protect their country, and it may be that on that account, coupled with the urgent need of goods, they are all the readier to forget the past and start again, though a restart does not mean that the two countries will occupy the same position as they did when Japan's desire for domination first manifested itself. North China with which Japan is hoping to trade is under the successful drive of the Communists, in a far better position to express any wishes as regards trading concessions than Japan, which is prepared to play the more modest role of supplier of some of China's most pressing needs at reasonable terms.

In these very tentative approaches to Japan it may well be that the Communist Party has also the desire and perhaps a definite hope that Japan will become more akin to their own ideological point of view. There seems to be some trepidation in Japan itself that indications are not lacking to corroborate this fear, and one hears of heavy preparations being made against any possible rioting following the large scale dismissals about to take place,—dismissals that though apparently necessary spell tragedy and disaster to many thousands of people. There are therefore, good reasons for the hesitation displayed by the authorities to enter into official trade discussions with the Communists at this particular juncture. The Japanese Government has also not yet recognised the new regime in North China and until that day arrives they are faced with the same difficulty as Great Britain, the United States or any other nation entering into open trade discussions. Individuals may however, do something along the line of trade but at their own risk. In all probability preparations are being made to overcome some of the physical difficulties

attached to adventures of this sort, but officially nothing is being done and it is probable that while the U.S. Occupation forces are in charge Japanese industrialists will have to "bide a wee," at least until the situation has cleared.

So far as Great Britain is concerned, the Government is fully determined to protect the legitimate trade of her nationals, as can be noted by Vice-Admiral Madden's categorical declaration that H.M. Navy is prepared to defend British merchant vessels on their lawful occupation and only a day or so ago H.M.S. Concord was alerted to stand by, following an urgent message that the s.s. *Yochow* had been stopped by a KMT vessel and her papers examined, while a few hours out from Inchon in Korea. Fortunately no action became necessary, but it is quite clear that no interference from either political party now at war in China will be allowed to pass unchallenged. While this announcement is reassuring and one or two ships have successfully gone and returned to their base in Hongkong, shipping concerns are on the whole somewhat wary of recklessly exposing their craft and men to possible molestation by over-zealous or carelessly instructed officers of the KMT navy.

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Hongkong's Finances

In line with the rather gloomy picture of Britain's gold dollar position laid before us by Sir Stafford Cripps in true Churchillian style, is the subdued outlook displayed by the Hongkong Government's Financial Secretary, Mr. Follows when moving in the Legislative Council the supplementary provision of HK\$12 million for the fourth quarter ending March 31 of this year. For the whole year 1948-49 the grand total covered by supplementary votes is \$37.6 million, or, when savings totalling \$2.9 million are taken into account, the additional supplementary provision amounts to \$34.7 million. Mr. Follows draws attention to the gratifying results of last year's working expressed in a surplus of approximately \$33 million, due to the abnormally high rate at which revenue came in during the last few weeks of the financial year, the receipts for the last week in March reaching the record figure of slightly over \$8.5 m. as compared with the average weekly figure of about \$3.5 m., but warns that a similar result at the close of the current financial year should not be anticipated, indeed that it would not be surprising if revenue receipts were to show a further downward trend "as the present developments in the political sphere are bound to have a marked effect on the Colony's trade, though this may not become apparent for some time." Mr. Follows also adds that "there is as yet no general realisation that the period of prosperity which Hongkong has enjoyed

since the liberation appears to be drawing to an end."

As the Financial Secretary points out, the revenue estimate for 1948-49 was drawn up on a deliberately conservative basis, but so far receipts are only on the level of that estimate, with no indication that it will be exceeded. Consequently in his opinion, there is little hope that there will be any surplus on the current year's working with which to meet the additional unforeseen expenditure during the first quarter of the year, due to ever increasing security commitments,—even though economies in normal expenditure are as far as possible being introduced.

It is all to the good that the Financial Secretary should range himself on the side of conservatism in dealing with the Colony's finances, but the man in the street may be pardoned if he wonders whether in view of the surprising surplus of \$33 m. on last year's workings, the situation may not again have been underestimated for this year? During the first five months of 1949 trade, so far from showing a decline as had been prophesied by many businessmen, showed an increase of 16% in imports and 24.94% in exports as compared with the same period in 1948. May being a record month in the Colony's trade. Undoubtedly the set-back in trade with Shanghai and other ports in Communist-held China will make itself felt sooner or later, but this does not mean that a "recession" is on the way. In fact, the stability of the Colony as reflected in the very manner of conducting its finances compared with the uncertain financial methods adopted for its unhappy neighbour China, is what gives confidence in its future and a certainty that when trade is once more free Hongkong will be found ready as in the past to meet China's requirements.

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Hongkong's Traffic Problem

That Victoria is to have a 24 hour silent zone (stretching from Murray Road on the east and Queen Victoria Street on the west and bounded by Queen's Road on the south and Connaught Road on the north) is news that will help soothe the distraught even before the ruling becomes effective in the knowledge that at last something is about to be done. Apparently a limit has been reached to human endurance and the Traffic Police have realised the danger threatening their own as well as other people's eardrums. We might add that the value of the property within the mentioned area should increase about one hundred per cent in desirability if and when the ruling becomes effective.

The Traffic Superintendent mentioned recently his awareness of the difficulties attending any effort to eliminate all noise from our motorcars as they rush

ECONOMIC CONDITIONS IN THE UNITED STATES

By E. Kann (Los Angeles)

(Special to the *Far Eastern Economic Review*)

Budgetary Deficit in USA.

On June 30 the fiscal year 1949 came to an end. Record spending caused a deficit which went beyond President Truman's forecast. The sum, for which the government is in the red, is \$1,811,440,047; this actually exceeds three times the President's forecast made last January. The shortage for the year 1949 is the first in three years, for let it be recalled, the fiscal year 1948 brought a surplus of \$8,419,000, an all time record.

The 1949 expenditure, in round figures \$40,057,000,000, exceeded that of the preceding term by about \$6,266,000,000; and the income, aggregating \$38,246,000,000, remained \$3,965,000,000 behind that of the fiscal year 1948.

Since the U.S. Government reverted to an unfavorable balance, the public debt was enlarged to the tune of \$478,000,000 and, as of July 1, 1949, stood at \$252,797,635,000.

The deficit is due to lower income from taxation and to subsequent re-

madly from one end of the Colony to the other. He says quite convincingly that "a mere notification in the Government Gazette that the regulation is operative will not result forthwith in a dead silence in the centre of the city." Unfortunately not, for many drivers—Chinese drivers are particularly culpable—will be forced to exhibit their driving skill without the moral support of having a finger—or foot—on their horn without cessation. It must obviously be an enigma to them how anyone can drive through a crowded city without blasting a way through, and it will take many admonitions from the long-suffering police to convince them that it can nevertheless be done.

The Traffic Superintendent points out that pedestrians will also have to be educated to the use of designated street crossings, but we note with some approval that the recognised crossing at the juncture of Des Voeux, Pedder Street and Connaught Roads, is well patronised, so much so that it can be seen pedestrians are willing to wait there until the signal is in their favour to cross with a modicum of safety—we use the word "modicum" advisedly as for a reason as yet unfathomed by us, the stop signs do not synchronise, which means that when well across the street the horrified pedestrian is suddenly aware of danger from an oncoming tram from the opposite direction.

At all events the Hongkong pedestrian has learned several important mannerisms one of which is to skip rapidly and another is to flatten one's body against any wall, however ill flavoured, to avoid sharing the fate of a squashed fly and to keep one's equanimity in the midst

duction in the revenues, combined with a slower pace in the country's business activity. Furthermore, spending for aid abroad swallowed larger sums than anticipated.

It might be recalled that last January President Truman asked Congress, in order to prevent deficit spending, to raise taxes to the extent of four billion dollars, but Congress came out in opposition to tax increases. The deficit for the coming fiscal year, 1950 is expected to exceed the figure for 1949.

Unemployment.

As of end of June unemployment in America affected 3,778,000 people; this is a seven year high; yet it is an improvement over May. The foregoing total comprises a large number of school graduates, who now came on the labour market. UCLA University's engineering section at Berkeley (Cal) alone turned out 1,000 young engineers this year. By the end of June altogether 59,619,000 persons were gainfully employed in the United States,

of ear-splitting blasts from hurrying drivers.

It may be of some comfort to those who are at least determined to save Hongkong residents from themselves, to recall that in the good old days when Shanghai was threatened with a similar storm of drivers who felt their skill depended on the amount of noise they made the edict went forth that "good" drivers did not drive with a finger continuously on the horn. The result was that after a little individual as well as public attention had been drawn to this nuisance, noise abated and good driving increased. Naturally enough fewer accidents occurred, because drivers had necessarily to become more careful and the pedestrians certainly became less confused.

The Traffic problem in Hongkong is, as the Traffic Superintendent pointed out, one of the worst in the world. There are actually over 11,000 vehicles with 22,000 licensed drivers (30,000 more in the making), not to mention the large and ever growing number of vehicles belonging to the services. A count made some months ago showed that 22,000 vehicles move along Queen's Road past the bottom of Garden Road in seven hours. Several suggestions have been put forward to lessen congestion around that point, one of the worst in the Colony, but it seems there are many difficulties in the way of coping with the situation adequately. The Police are, however, to be congratulated that they are willingly shouldering the burden of easing the nerve strain so far as possible to a determined effort to eliminate unnecessary noise.

a falling off to the extent of 1,500,000 when compared with end of June, 1948.

Though workers in California were 4,500 less than a year ago in the state's manufacturing industries, that is between April and May of 1949, the status remained on the level of the identical date in 1948.

Building Activity in Los Angeles.

The rental situation is not brilliant in this city. Yet there must be numerous enterprising people who steadfastly believe in continued prosperity of the film metropolis. Building activity during the month of June hit the highest point of any month this year, according to the Los Angeles Times. Valuation of permits for June aggregate \$29,434,000, compared with \$26,496,000 in May. The 2,712 permits issued in June for housing units are meant to provide homes for about 8,000 people. During the first half of 1949 14,260 housing units were completed in Los Angeles.

Considering the first semester, the total sum involved in new building construction was \$146,044,000; the similar period in 1948 was responsible for a cost of \$192,999,000. The year 1948 witnessed an all-time high in house construction of this city.

Synthetic Rubber.

Rubber supplies all over the globe undoubtedly are meeting world requirements. However, countries which do not produce natural rubber, thought it wise and even imperative to foster the manufacture of synthetic rubber for the event of the eventuality of another war.

At present supplies are more than sufficient for needs, if one may judge by the closure of two synthetic rubber plants, constructed during the last war at a cost of many millions of dollars.

The two plants scheduled to be shut down in September belong to the Standard Oil Co. and to the Goodyear Synthetic Rubber Corporation's Copolymer Plant near Torrance. The Standard Oil Co.'s factory is situated in El Segundo, Cal.

The chairman of the Reconstruction Finance Corporation disclosed that consumption of artificial rubber this year declined from 34,000 tons a month to 25,000 long tons. This reduction in consumption forced curtailment. The plants will be placed on a stand-by basis. Seeing that the El Segundo plant employed 130 men, and the Goodyear factory 225 workers, the lay-off does not appear to seriously affect the labour market.

Bank of America.

Considered by the extent of its assets the Bank of America, established in California only, is the largest bank in the world. Its profits for the first half of 1949 amount to \$30,670,100, equal to \$3 a share on its 10,238,052 shares of capital stock now outstand-

Company earnings and working results for the first half year of 1949 were on the whole better than for the same period of last year. No statements were officially released as it is the policy of our public company directors to maintain silence on so important a matter as the prospects of shareholders in the current business year. Few companies only declare interim dividends but even then no report is made by the directors with regard to current business and profits.

Nevertheless, Hongkong being a small place and bamboo curtains easily removed by less discreet brokers and shareholders, the news about satisfactory working results in the period January to June has been making the rounds. That most utilities were further progressing this year was already obvious when periodic statistics relating to their output etc. were published; the increase in the population,

including 1,706,342 shares newly issued in connection with a 20% dividend distributed last March 15. This result compares with a net profit of \$27,516,000, at the rate of \$2.69 a share on the same basis, for the first semester 1948.

Mr. L.M. Giannini, President, reports that, out of the net profit, \$12,797,565 were paid to stockholders, and \$17,872,535 was added to capital funds, bringing that item to \$302,057,332, apart from existing reserve funds amounting to \$40,047,120, as a safeguard against bad debts.

As of June 30, 1949, the amount of loans outstanding at the Bank of America was \$2,733,933,000; this sum refers to 1,327,217 loans, or \$2,063 average per loan.

Total deposits on June 30 were \$5,407,671,000, a decrease from a year ago of \$25,724,000. Total resources aggregate \$5,845,128,000, a reduction to the extent of \$14,105,000 when compared with last year. Investments in securities stood at \$2,015,239,000, slightly above the total outstanding on June 30, 1948.

Colored Oleo Margarine.

For 52 long years California had a state ban against the sale and use of colored oleo Margarine. At the end of June at long last the Californian Legislature passed the Mallone-Gaffney Bill, permitting the lifting of the ban against the sale of pre-colored oleo-margarine. Same will now become available to housewives from October next. While housewives then can buy and use margarine, it will not be permissible to serve it in restaurants. Each package will have to be marked in large letters "Colored Oleo-Margarine".

For decades the powerful dairy interests in California successfully opposed the sale of colored oleo, but after a hard fight a compromise was reached, resulting in permission of

mainly a result of the influx of people from the North, could not but boost the earnings of the electric light and power, and the ferry companies. Hotels, godowns, stores and dockyards have had record breaking business and shareholders should receive their due returns when dividend time comes around. In many instances there should be higher dividend payments in respect of the current year but the ultraconservative policy of directors may form a stumbling block. Considering the times as 'critical' directors may try to hide part of the profits away or otherwise decide on the disposal of funds by making such appropriations as may curtail the rights of shareholders.

Management of a number of important public companies has, from the point of view of shareholders, deteriorated in the post-war years and expressions of disillusion with the

public sale. It ought to be recalled that vegetable fat is widely used all over America. What was so long under dispute was the distribution of margarine colored in such a way, as to appear like table butter.

Wheat Harvest.

All over the world the harvesting of grains is looked forward to with fervent hope and anxiety. A bountiful crop usually means better living conditions for the farmer and for his sources of supply. But this season America is "threatened" with a too bountiful wheat crop; it will likely turn out the second largest wheat harvest on record. According to the United States Department of Agriculture's estimate it is likely to reach 1,336 million bushels, just below the 1947 record crop.

In the states, situated in the South, like Texas and Oklahoma, the crop has already been brought in; in other districts it is under the garnering process. The crop will be so large that no place can be found for storing it all. One must remember that from last year's crop 300 million bushels still are in storage in U.S.A. Other countries cannot buy for lack of dollar reserves.

The seemingly precarious situation, as far as the country is concerned, is made easier for the farmer, for he can get without difficulty 75% of parity (now about 1.90 a bushel) from Government as a loan; even on wheat stored in the open without protection against wind and water. If and when the farmer hustles the wheat into storehouses, he will get the remaining 25% from the authorities. What the authorities are doing about assisting farmers can be seen from the subsidy granted under the style of farm price support, really at the cost to the taxpayer. During the first half of 1949 the large sum of \$1,627,000,000 was spent under that heading.

procedures observed in recent years, when it comes to the annual accounting and the distribution of profits, have become more frequent. Even among leading shareholders in Hongkong one can hear often disappointed references to the "decadence" of management in local public companies.

Those directors who will first come out with a semi-annual though quite cursory report on the working of their companies will earn the gratitude of shareholders and will induce new interest among general investors in the market. Considering however the parochial nature of Hongkong and the exercise of control of companies by a small number of families and commercial interests such a revolutionary step is not likely to be taken. It may be even open to doubt whether a more active participation of the investing public in the market is desired by the majority of directors though they would all like to see higher quotations.

Although it is, by & large, gratifying to learn, from bamboo wireless reports, that profits this year were in excess of last year's, shareholders need not necessarily expect to benefit from such good news. That the Colony's business is prosperous has been amply evidenced by the high trade returns as well as by other statistics, mainly those of air and water transport. The growing population has elevated demand for almost any service, and public companies, by necessity, participated in the boom. Paradoxically, shareholders not only saw their investment values dwindle but dividends were in many cases below justified expectations. Whether the situation will be righted in respect of the current year's earnings remains to be seen. There is a somewhat more optimistic feeling among a small group of investors who were buying shares with a view of seeing in future higher dividends than last year. The fact that current earnings are high should suffice to bring about a general price appreciation—with the exception, of course, of those few companies whose business has declined.

* * * *

Sterling devaluation reports have been an incentive to speculators on commercial markets for a long time but the share market has hardly ever lost its nerve. Last week's decision by the British Government to maintain sterling at its current value, i.e. US\$4.03, and not to consider its devaluation has had a reassuring effect here. Gamblers and some Shanghai desperadoes, who make the financial markets unsafe but who have disdained in the past to consider the local share market as a speculative field, were finally defeated—but not for long it appears as already a new rumour campaign is rearing its head. It is significant for the narrowness of the share market that all the excitement about the future of sterling did not cause more than a ripple on its drowsy surface. Only few small investors went into the market when it appeared to them that sterling could be officially devalued and that then the purchasing power of the HK\$ would be lowered; but other counters

offered themselves to the majority of local investors with more persuasion so that what might have otherwise been an allround appreciation of share prices never materialised and the share market remained on the whole as calm as ever.

No longer do happenings at the stock exchange here reflect conditions in the economic life of Hongkong. The market has become so thoroughly impasse that one cannot foresee what catastrophe or gold strike would be necessary to rouse it from its apathy. Those who had hopes about the activisation of the local stock exchange following the self-exclusion of Shanghai in the post-war years and who optimistically predicted great expansion of business following the official re-opening of the Exchange at the beginning of 1947 were, after an admittedly long drawn-out honeymoon, thoroughly disappointed. The introduction of rubber plantation shares was a flop—hardly any business, at the Exchange, has been conducted; and only a few pre-war "foreign" shares from Shanghai were actively traded here.

Nevertheless, the problem of sterling devaluation has been eagerly discussed although the market as such did not react to it either way. The majority opinion here is definitely opposed to any tinkering with European exchange rates and the devaluation pressure of certain American bankers and politicians is deprecated. It is apparently not realised in the US how unpopular the US Administration will become in foreign countries if its responsible members cannot be dissuaded from poking their noses too deeply into the affairs of other peoples and pour out unsolicited advice at the same time frowning and scolding that other nations are not working fast and hard enough. That so much emphasis, in the US, has been wasted on the sterling (and other European currencies) devaluation problem goes to show that there are deeper interests involved in America than the good Samaritan's endeavour to help Western Europe on her feet.

If it was only American concern about their own trade, i.e. stimulating foreign imports into the US at lower prices from Western Europe thus reducing the gap in their alarmingly large favourable trade balance, the hullabaloo about 'overvalued' sterling could be understood though, from a more far-seeing economist's point of view, not approved. It seems however that it is not actually the trade disequilibrium—which causes and perpetuates the \$/£ disequilibrium—but another matter which is responsible for urging on the British and other Western Europeans the devaluation of their respective currencies.

Today, nobody really believes in the panacea of currency devaluation—not even its advocates in the US. On the contrary, they realise that devaluation means, for the vast majority of the population, robbery of their savings (including life and endowment insurance policies, government bonds etc.). A socialist government cannot lightly resort to such 'robbery'; al-

though the burden of the national debt is formidable the only way to meet it is by taxation and more taxation. America's national debt has grown to astronomical figures and while taxation is high in the US there is no early prospect for a reduction in this debt; on the contrary, 'cold' war operations of many kinds and preparations for a new war—admittedly not of the making of the US—can only lead to further piling up of the national debt. As long as the purchasing power of the US\$ remains at its present level (approx. 60% above pre-war) and even shows recently improvement in terms of wholesale prices and, to a lesser degree, cost of living, the pressure of the national debt acts as a deterrent for its future expansion. Only by devaluation of the US\$, i.e. automatic lowering of the purchasing power of it and reduction in the value of the national debt, can the internal economic situation in the US improve, production and employment be stimulated. Without other countries first devaluing their currencies the US\$ cannot be touched.

The second world war has been a heavy drain on the resources of all states involved in it and the figures of national debts allround have mounted until the question of full or part cancellation, by methods of inflation, devaluation etc., no longer can be evaded. The bill for the last war has not yet been fully paid but it is being prepared. Devaluation is one of the less obnoxious means to get down to results.

* * * *

Hongkong's security is a subject for interminable discussion yielding as it does much food for reflections on China. During recent weeks there have been larger arrivals of military, naval and air force units and the streets of Hongkong have become lively with uniforms. More reinforcements are under way and as the *piece de resistance* an aircraft carrier (or possibly two) is expected here shortly. Meanwhile, the summer floods and internal reorganisation difficulties have slowed up the southward march of the People's Liberation warriors; and at the same time the Canton government shows signs, deceptive as they may be, of vigorous opposition. Chiang Kai-shek again has declared that he will retake Shanghai. Thus, the civil war picture has been adjudged in Hongkong as far from disconcerting.

Unfriendly Peiping radio voices reach here which are calculated to cast doubt on the correct attitude of the CCP in its relations—de facto at the moment—with this friendly and neutral British Colony. Quite far-fetched arguments are used by the Peiping radiocaster when criticising local developments. One is resigned here to the fact that no laurels will be dispatched by the CCP to Hongkong, although many residents fancy that it would be due to us for our exemplary behaviour. Nevertheless, any slight pretext for assailing a favourite occupation of Peiping radio—

is grasped not only as far as the bad American imperialists are concerned but also administrative actions by Hongkong Government. Recent Peiping comments, of the scathing type, with regard to the eviction of squatters in the immediate vicinity of the airfield and their resettlement in other suburban parts of the Colony have had a decidedly unfavourable effect in Hongkong. It may be hoped that time and again there are a few ignorant enthusiasts at the microphone of Peiping radio who try to create mischief. If there is however a plan behind these unfriendly and untruthful broadcasts the position of Hongkong vis-a-vis the new regime may have to be reviewed in this new light.

* * * *

Share Market of last week

The Stock Exchange Committee stated last week that business opened firmly with buyers well in evidence, and for the first part of the week it gathered strength with a distinct improvement in quotations. This however came to an abrupt stop, demand subsiding and prices drifting down with a sudden burst of selling. This state of affairs synchronised with a sharp slump on the Gold Exchange, which has been blamed for the weakness of Stock Market. With the exception of advances in Providents, Hongkong Lands, Dairy Farms and Watsons, other counters, which had registered a rise, relapsed to their opening rates, whilst China Lights and Electrics have receded below their opening quotations. The closing tone was very uncertain.

Volume of Business:— Total sales reported amounted to 66,368 shares of an approximate value of \$1 1/4 million, an increase of \$3/4 million compared with the preceding week.

Price Index:— The Felix Ellis averages based on the closing prices of 12 active representative local stocks closed at 128.38 for a net gain of .70 compared with the close of the previous week. Day-by-day averages were:— July 4, 127.79; July 5, 128.30; July 6, 128.61; July 7, 128.45; July 8, 128.38.

	High	Low
1947	155.82	123.88
1948	148.68	134.05
1949	138.37	125.05

Dividends:

The General managers of Two Cotton Mills have declared a dividend of 40 H.K. cents per share for 1948.

Business Done:

Hongkong Govt. Loans:— H.K. Government 4% @ 101 1/2.

Banks:— H.K. Banks @ 1580, 1585, 1590, 1600, 1595.

Insurance:— Unions @ 655.

Shipping:— Asia Navigation @ 95 cts.

Docks & Godowns:— H.K. & K Wharves @ 120; North Point Wharves @ 6 3/4; China Providents @ 13 1/2; Shai Docks @ 9 3/4.

Hotels & Lands:— H. & S. Hotels @ 11.80, 12, 12.15, 12.10, 12 1/4, 12.10; H.K. Lands @ 55, 56, 59.

Exchange & Financial Markets

Hongkong Clearing House

June clearing figure was \$940.4 million exceeding last year's June figure by 40.79%. After the financial upheaval in May conditions returned to normalcy in June with only relatively small amounts accounted for by 'flight capital' transactions (conversions into US\$, gold, and transfers to London and other sterling area centres). Buoyant trade in June, high industrial and commercial activity, land and house transactions, a larger volume of stock and share business were responsible for the large clearing house total in June which was, after May, the highest in the annals of Hongkong. For the first half year clearings totalled \$5,446 million which were 29.86% higher than in the same period last year. Total annual clearings in 1947

amounted to \$6,595 m. and in 1948 to \$8,267 m.

Clearings for first six months of 1949:
Amounts passed through the clearing:

	1948	1949
January	690,869,863	822,578,268
February	624,267,531	755,368,765
March	780,180,420	891,308,578
April	753,367,765	829,170,394
May	677,060,291	1,207,078,664
June	667,992,698	940,445,697
First half year	4,193,738,568	5,445,950,366

USS Market

Highest & lowest rates of last week per US\$ 100:—notes HK\$ 655—619, DD 650—615, TT 653—618, cross rates US\$ 2.45—2.59 at parity (and US\$ 2.48—2.62 at the local banks' selling rate for sterling at 1/2-13/16). Overseas crossrates from 2.75 to 2.90. New York rates for area account sterling around 2.85.

The local open exchange market has become since end of April (after the Communist armies crossed the Yangtsze, Shanghai's fall was certain, and many wealthy Shanghai financiers and merchants arrived in the Colony) the most important financial centre in the Far East. Turnover figures have multiplied compared to records in the earlier

Utilities:— Hongkong Tramways @ 17.20, 17.80, 18, 17 1/2; Star Ferries @ 110, 108; China Lights (O) @ 13.30, 13.40, 13 1/2, 13.70, 13.85, 13.80; China Lights (N) @ 9 1/2, 9.60, 9.70, 9.80, 9.90, 10, 9.90, 9.40; H.K. Electrics @ 33 1/2, 34, 34 3/4, 35, 34 1/2; 33 1/2; Telephones @ 22 1/2, 22.

Industrials:— Cements @ 23 1/4, 23 1/2, 23 3/4, 23 1/2, 23 3/4.

Stores:— Dairy Farms @ 33 1/4, 34, 34 3/4, 35 1/4, 35 1/2, 36, 35 3/4, 35 1/2, 35 3/4; Watsons @ 45 1/4, 45 1/2, 46, 46 1/2, 46 3/4.

Cottons:— Ewos @ 6 1/2.

Rubber:— Rubber Trust @ 2.80.

months of this year and during 1948. Speculation accounts now for by far the biggest sector of the weekly market turnover; gold and merchandise importers (as buyers of exchange) and recipients of overseas remittances, exporters to the dollar area and holders of funds in the US (as sellers) being responsible for a much smaller percentage of the turnover.

A number of previously influential Shanghai magnates of industry, banking, trade and 'society' have—possibly for want of better or more remunerative employment of their funds—taken an interest in the local gold and exchange markets and, by virtue of the large number of their resourceful followers and the high cash balances in US and Hongkong banks, they could pride themselves to have exercised some measure of control. Last week when the sterling devaluation rumour which they so sedulously fostered was exposed just as another speculative manoeuvre, the a la hausse engaged Shanghai clique (with a growing and admiring local following) went into a new ramp. Having lost in the game of gold and US\$ price boosting as a result of the return of confidence in the stability of sterling, the Shanghai bulls started buying again US\$ in the hope that, following the sterling area's three-months suspension of purchases from the US (except essentials), there will be a growing demand for US\$ in the black markets in the Empire which could be satisfied, at high cost, in Hongkong. Shanghai financiers, being as ingenious as they are notorious, are now banking on a higher US\$ rate in Hongkong.

The market, so far, has reacted as was to be expected after the maintenance of the present sterling rate was reaffirmed by the Chancellor of the Exchequer. Without any undue interference by the Shanghai speculators the continued decline in the US\$ open rate should be only logical to expect. It is regrettable that these refugees from Shanghai are, by their actions, contributing to the increase in the local cost of living; by trying to boost the US\$ price on the local open market they might, if successful, undermine confidence in the local currency and also weaken the unofficial sterling/dollar cross rates abroad. The behaviour of the market was otherwise normal with gold importers covering their relatively small commitments, merchants inquiring for moderate amounts, and Bangkok and Manila sellers in evidence as usual. Overseas Chinese remittances were small.

Gold Market

Highest and lowest rates of Industrial Gold (.900 fine) in the local Exchange were last week \$374 1/2—\$339 (adjusted to 990 fine \$411.95—\$372.90) per Hongping tael, corresponding to cross rates of US\$52 1/2, high, 50 3/4, low.

Official and Unofficial Rates of Industrial Gold in and outside the Exchange:—

Monday, July 4:— Opening 357 High 357 1/2 Low 351 1/2 Closing 352. Change over favoured sellers 54 HK cents per tael per day. During the week, the change over continued in favour of sellers.

Tuesday, July 5:— Opening 355 High 361 3/4 Low 355 Closing 361 1/2. Change over 53 cents.

Wednesday, July 6:— Opening 364 High 374 1/2 Low 359 Closing 359 3/4. Change over 53 cents.

Thursday, July 7:— Opening 359 1/2 High 359 1/2 Low 345 1/2 Closing 349. Change over 54 cents.

Friday, July 8:— Opening 353 High 254 Low 342 1/2 Closing 346 1/2. Change over 52 cents.

Saturday, July 9:— Opening 342 1/2 High 346 Low 339 Closing 345. Change over 51 cents. Unofficial business transacted in the afternoon High 345 1/2 Low 344.

Tradings, Positions Overbought and/or Oversold, and Cash Turnover:—

During the week under review, tradings and cash turnover were both increased but positions taken reduced, in comparison with those of week before, due to liquidations by speculators in preparation for the change of fineness in tradings beginning next week. Official and unofficial tradings of the week totalled over 198,000 taels, or an average of 33,000 taels per day. Positions left open were reported to be at an average of over 110,000 taels per day, in which gold importers, interest hedging forward operators, and Cantonese operators were oversold; Shanghai and Swatow operators after having sold at losses bought back again, and were still overbought. Total cash turnover estimated over 45,100 taels.

Imports, Exports, Stocks, Consumption:—

During the week under review, about 22,000 taels were imported from Macao. Export remained not profitable and was practically nil. For ready delivery stocks here increased to a total of about 240,000 taels. Hoarders unloaded in small quantities.

Over 41,800 taels changed hands by interest hedging forward operators, and about 3,000 taels were melted for local ornamental consumption.

Market developments:—

During the earlier part of the week rates advanced as sterling devaluation rumours were inducing speculators to buy forward but when, once again, the bubble was pricked and the British Government's determination to maintain sterling at its present level could no longer be disbelieved the market went down and overbought positions were hurriedly liquidated. The difference between the highest & lowest rate of the week was \$39.05 or about 12%. At the close of the week prices came down to more realistic levels but they are still due for further declines.

At \$373 per 990 fine tael, corresponding to \$310 per oz (123% higher than the IMF parity), the local price is considered generally far too high and is only maintained by several heavily overbought speculative syndicates. A cross rate of US\$ 50 1/2, the lowest of last week, appears also excessive notwithstanding claims by overseas bullion brokers that they cannot buy below US\$ 47. There is no reason for the high bullion prices, nothing has happened which could account for the allegedly high offers made by certain Latin American countries' agents. Revaluation of gold is of course due but a rise of 20% to 25% above the current US Treasury buying price of US\$ 35 could only be expected. The insistent demand in inflation ridden China for gold which could only be imported, in quantity, via Macao created unusual opportunities for gold shippers abroad, their local agents and the bullion trade in Hongkong, Macao and in Chinese cities.

As stocks here have further accumulated and exports are practically nonexistent the market should weaken and importers may be compelled to sell below cost. For many weeks past there has been no actual trade with China but imports kept arriving at Macao. The off-take in China has become problematical. Speculators are prone to overlook the actual import-export position which finally determines the price trend. All bull manoeuvres will backfire if the export of

HONGKONG OPEN MARKET RATES

per US\$100

July	Notes	High		Drafts		T.T.	
		Low	High	Low	High	Low	High
4	...	6.30	6.21	6.23	6.16	6.25	6.20
5	...	6.47	6.27	6.38	6.26	6.41	6.30
6	...	6.55	6.35	6.50	6.34	6.53	6.37
7	...	6.36	6.21	6.31	6.16	6.33	6.18
8	...	6.33	6.21	6.29	6.19	6.30	6.22
9	...	6.28	6.19	6.22	6.15	6.23	6.18

gold to China is dropping or, in fact, coming to a standstill.

Change over interest which has been excessively high in the past amounting last week on the average to 53 cents per tael per day, thus also indicating the general expectation of lower prices, may ease as from next week as the new trading unit (bars of 945 fineness) will make legally permissible for banks to grant loans against gold as security.

The Central Bank of China at Canton continued selling gold bars mostly of bricks weighing 500 ozs each, using the Hongkong dollar proceeds to defray government expenditure. The Canton government is anxious to establish confidence among the people in South China and the continued gold sales have had a good effect on the financial world. Total Central Bank sales last week amounted to 8000 tael or 9600 ozs troy.

As from the current week, beginning July 11, the local Gold & Silver Exchange Society will trade in gold bars of 94½% fine, i.e. 5% above the current trading unit of 90% fine.

Silver Markets

Last week's highest & lowest prices, in HK\$—4.60—4.50 per tael of silver in form of bars or ingots, 3.00 per Hongkong and Mexican dollar coins, 4.25—3.90 per Chinese dollar coins, 3—2.85 per 5 coins of 20 cents each. Local transactions and tide were on the same level as in the previous week. About 15,000 taels were imported and exported, mainly by travellers from and to Canton. Rates were slightly firmer which was caused by the higher prices obtaining in Canton where the Chinese authorities, through the Central Bank, are able to influence the market.

Chinese Currency Markets

Hongkong:—Little private business with Shanghai and North China was transacted at the official rates of the Bank of China, Shanghai. Remittances to Canton, Amoy and Swatow were, as usual, done in HK\$ or US\$. The new South China currency, the silver dollar certificate, has not yet been used and is unlikely to be introduced into the local market.

Shanghai:—The official rates of Bank of China remained as in the previous week. With foreign trade interrupted there was little need to transact any exchange business. The black market continues buying and selling of foreign currencies and gold with the US\$ note quoted around PB\$2400 to 2500 and gold at PB\$125,000 per oz.

Canton:—The HK\$ remains the general medium of payment in Kwangtung. Silver dollar certificates are slowly issued but have not found much favour with the public. Subsidiary silver dollar notes issued by the Provincial Bank of Kwangtung are usually converted into actual silver coins by the public so that the circulation of this scrip remains insignificant.

SILVER STANDARD IN KWANGTUNG

The Canton government introduced on July 4 the silver standard in the territory under its jurisdiction. Foreign currencies may be held but their circulation is prohibited, and holders may deposit their foreign assets in authorised banks against which they can draw silver coins or certificates at the official rate of the day. However, foreign currencies continue to circulate and most prices, wholesale and retail, are quoted in HK\$.

The first official rates of the silver dollar coin were announced on July 4 by the Central Bank of China:—US\$1= silver dollars 1.55 (in coin or in certificates); £1=3.72; HK\$1=0.24. The rates were changed on July 7th as follows: US\$1.45, £=3.54, HK\$=0.23.

At the beginning of the week profiteers in Canton changed at the state banks their US and HK notes for silver certificates, requested however that

AGREED MERCHANT RATES OF H.K. EXCHANGE BANKS ASSOCIATION

(In force as from 25th May, 1949.)

	Maximum Selling	Minimum Buying
Sterling	1/2 13/16	
		1/2 29/32 T.T. 1/2 15/16 O.D. 1/2 31/32 30 d/s 1/3 60—90 d/s 1/3 1/32 120 d/s
Sterling (East & South Africa)	1/2 13/16	1/3 O.D. if under L/Credit 1/3 1/16 O.D. without L/Credit 1/32nd up every 30 d/s
Sterling (West Africa & West Indies)	1/2 13/16	1/3 3/16 O.D. if under L/Credit 1/3 1/4 O.D. without L/Credit 1/32nd up every 30 d/s
Rupees (India)	82 1/4	83 1/4 T.T. 83 1/2 O.D. 83 5/8 7 & 30 d/s 83 3/4 60 d/s 83 7/8 90 d/s
Rupees (Rangoon)	82 1/4	All buying rates 3/16th higher than India.
Rupees (Aden)	82 1/4	83 7/8 O.D. if under L/Credit 84 O.D. without L/Credit 84 1/2 30 d/s & 60 d/s
Malayan dollar	52 9/16	53 3/16 T.T. & O.D. 53 5/16 30 and 60 d/s
U. S. \$ and Canadian \$	24 3/4	25 1/16 T.T. 25 1/8 O.D.—30 d/s 25 3/16 60—90 d/s
Australia	1/6 3/8	1/6 13/16 T.T. 1/6 7/8 O/d
New Zealand	1/2 13/16	1/3 1/16 T.T. 1/3 1/8 O.D.

N.B.:—No penalty to be exacted on forward sales for sterling except for sale on Australia which should be governed by the rates quoted by Australian Correspondent Banks.

HIGHEST & LOWEST UNOFFICIAL U.S. DOLLAR MARKET RATES

For the first five months of 1949.
In HK\$ per US\$ 100.

	Notes		Drafts		T.T.		crossrate Per £	
	High	Low	High	Low	High	Low	High	Low
Year 1947	581	400	575	454	595	482	3.32	2.69
Year 1948	588	485	598	490	608	478	3.35	2.62
December 1948	514	497	516	491½	524	495	3.23	3.05
January 1949	530	495½	518	493	519½	497	3.22	3.08
February 1949	516½	506½	517½	508¾	519½	511	3.13	3.08
March 1949	531	513	524¾	514½	526½	518½	3.08	3.04
April 1949	640	526	606	524	610	525½	3.04	2.62
May 1949	880	610	810	582	860	587	2.72½	1.86

this scrip be immediately redeemed with coins. The dollar coins were then sold in the open market where they commanded a 5% premium over the official price. Subsequently the Central Bank lowered the official rates and brought them into line with the open market.

(The open market rate in Canton being last week around HK\$630 per US\$100, the Central Bank of China adopted this rate for announcing official quotations for silver dollar in terms of US\$, £ and HK\$. The unofficial sterling/US\$ cross rate of 2.44 was adopted by the Central Bank in Canton).

Official rates of the silver dollar coin are flexible and will be adjusted in accordance with the market position. Thus, should the HK\$ appreciate in terms of US\$, the silver quotations in Canton will be accordingly adjusted. The public so far has not taken to the new silver certificates; nobody likes to keep this scrip and its circulation can therefore not increase. The open market discounted the certificates by 2 to 3% although redemption of the scrip is proceeding smoothly at the authorized banks.

The silver coin and bullion stock at the disposal of the Canton govt. is large enough to carry on for 4 to 5 months. The government mint is turning out about 70,000 dollar coins per day but the Central Bank is issuing notes in excess of this amount. As revenue is practically nil but expenditure of the rump govt. estimated at 45 million silver dollars per month (of which 30 m. for war expenditure) the problem of Canton is how long the silver stocks will last. Some gold reserves held in Taiwan have recently been released in order to assist the government of Marshal Yen Hsi-shan and thus the pressure on the silver stocks may be eased. Any hope which the Canton govt. may have entertained about financing its war effort by circulating a new paper currency has been shattered; the public, after having learned many painful lessons, no longer will keep paper money whatever its name and official promises of redemption. For financing of the war and covering the deficit of the Canton govt., the flotation of loans is being attempted and appeals have been made by the KMT to its wealthy members living abroad.

Unofficial Exchange Rates

Highest & lowest rates of last week, for bank notes:—Bank of England notes HK\$ 17.70—17.40, Australian pound 14½—14.20, New Zealand pound 16—15.70, South African pound 16½. Canadian dollar 5.97—5.75 (drafts 5.40—4.50). Indian rupee 1.22½—1.21, Burmese rupee 0.84—0.80½, Ceylonese rupee 1.01, Malayan dollar 1.85—1.84½, Philippine peso 3.10—2.98, Macao pataca 1.36.

(Per one hundred currency units) Indochina piastres 13.40—12.60, Nica guilders 35½—35, Siamese baht 26.30.

Commercial Markets.

Floods in Hunan and elsewhere appear to have slowed-up the southward advance of the Communist armies, and have given the Kuomintang a breathing space in which to make further plans. During the week, there was little movement of cargo between Hongkong and Shanghai and other northern ports as a result of the closure of these ports by the Kuomintang, and Vice-Admiral Madden's announcement that British shipping would be protected has led to the hope that communications might be resumed to a certain extent at all events. At the same time, no companies have yet shown any great eagerness to run the gauntlet and it seems that it may be a little time before enough confidence is felt to resume shipping on anything like a satisfactory scale. Smuggling is undoubtedly being resorted to, but this is a cumbersome and expensive method of operating and merchants as a whole would be glad to carry on trade legitimately with the northern ports. The question of supplies of vegetable oils is

beginning to cause concern; unsettled conditions and lack of transportation from the Central China supplying districts coupled with the high cost of production, has caused the closing down of several plants, making it difficult for exporters of oils to plan for future commitments.

Also, in the past Hongkong merchants have been accustomed to rely very heavily upon Shanghai for supplies of yarn and piece goods, and the permission recently given by the authorities in that city for the export of these commodities in exchange for machinery and other goods had led to the hope that local exporters might be in a better position to compete with the Japanese manufacturers, who receive a plentiful supply of raw materials from the USA through SCAP.

As a result of the frustration caused by the action of the KMT, looked at purely from the point of view of trade which, after all, is what mainly concerns the exporter, the markets last week were on the whole in a condition more nearly resembling a state of suspended animation than at any time since the reoccupation of the Colony by the British.

Cable Communications

Following up the restoration of cable communications between Shanghai and Tientsin and the rest of the world, these cities have been able to transact their own business direct instead of having to go through the medium of Hongkong. Which, incidentally, again points to the advantage to China of having Hongkong as a neutral base ready to come into operation immediately in a case of emergency. As a result of such telegraphic contact with the USA, an order for 10,000 pieces of lamb skin was placed with a Shanghai concern for shipment in June, and although it was at one time considered doubtful whether the cargo could be despatched in accordance with schedule, nevertheless shipment has been effected without delay.

Trade with Indonesia

The recent relaxation in the restrictions upon trade between Indonesia and Hongkong has allowed of a development in exports from the Colony, and it is hoped that the trade figures for June will be better even than those for May, which showed an increase of 103% over exports for May 1948. The cotton mills have been active with orders for underwear for this market and 10,000 dozen singlets are awaiting shipment to Batavia as well as a consignment of cotton yarn 20's. A second consignment which is being worked upon consists of 100,000 dozen singlets and 30,000 dozen socks and stockings. Other goods will also be required such as plastics, buttons, electric torch bulbs and batteries, etc.

Bamboo Sticks

Next to Great Britain the largest user of bamboo flower sticks, the United

Indochina's Banking Operations in 1948.

No changes occurred during 1948 in the credit system of Indochina from that of 1947. Commercial credit are still granted by 10 private banks (4 French, 1 Viet-Namese, 2 British and 3 Chinese), while private credit to agriculture, village industry, small industry, cooperatives and transport are still granted by the Office Indochinois du Crédit Populaire.

The following table shows the variations in the volume of credit and deposits in 1948.

	31 Dec. 1947 in mil- lion of piastres	31 Dec. 1948
Private deposits in Banks	976	1,113
Private deposits in the Treasury ...	108	169
Deposits in Savings Banks	22.4	39.4
Deposits in the branches of the Popular Credit ..	5.6	7.0
Bank advances to private persons ..	156	414
Popular credit* advances to members and cooperatives	13.2	16.8

The amount of deposits in the bank increased substantially, but less rapidly than prices. On several occasions needs for available cash were felt among the public private deposits in the Treasury increased in relatively greater proportions.

On the other hand, with the renewal of business operations and foreign trade from the middle of 1947, a more rapid progress in bank credit was noted, they nearly increased threefold in one year, while prices increased only by 50%; one may conclude from this that an undeniable expansion of banking activities has occurred.

States is an important purchaser and an order amounting to HK\$3 million has recently been placed for this article with Hongkong exporters. The price quoted is 55 cents, or 66% higher than the January quotation, and with transhipment costs and overhead added comes to HK\$1,760 per 1,000 sticks. Present supplies, amounting to 40/50,000 lbs a lot are from Wai-Chap in Kwangtung Province, and the difficulty of procuring the materials under existing conditions has increased the cost by about 300%.

Rattan

Rattan, which used to be a flourishing trade in China, is being killed by restrictions laid in Canton upon exports of this product. Orders for rattan have been received from Western Germany, but exporters are unable to procure supplies. The Canton authorities have been requested to relax the restrictions, especially as the workers in the rattan trade are suffering from unemployment, but without result so far.

Motor Vehicles in Hongkong

At the end of June there were registered with the Traffic Dept. of Police over 11,000 motor vehicles (private, hire cars, lorries, buses and motor cycles). This figure does not include the motor vehicles owned by the three Services which are estimated at almost 1,000 and the number of which is increasing as reinforcements are landed. New registrations of private motor vehicles are proceeding at 300 per average month. At the end of 1946 the number of motor vehicles registered in Hongkong was only 2,900.

The high degree of prosperity in Hongkong is borne out by the large number of motor vehicles and the latest models of luxury cars which are seen all over the Colony. No other city in the Far East has so many motor cars of any description as Hongkong.

The local *per capita* rate is about 160 which is, in the Orient where manual labour and small children unpropertionately abound, considered as unique.

The length of motor roads in the Colony is as follows:—on Hongkong island 178 miles, in Kowloon 101, in the New Territories 123, a total of 397 miles.

Tin Plate in Free Supply in the U.S.

There is in the United States a free supply of tin plate and it is expected that there will be either an open end quota in the fourth quarter or that quotas will be established which will be adequate to meet the qualified needs of any country.

Rice Allocations in Asia

Allocations to the various countries in Asia for the whole of 1949 (with figures for the first half in brackets) are as follows:

Ceylon 400,000 tons (236,000), China 261,000 (241,000), India 190,000 (481,000), Indonesia under the Dutch 285,000 (145,000), Republic of Indonesia 20,000 (20,000), New Zealand 1,000 (400), Philippines 135,000 (50,000), Portuguese India 5,000 (5,000), Macao 9,000 tons. North Borneo and Sarawak 33,000 (20,000), British Forces in Far East 5,000 (2,500), British Pacific Colonies 4,000 (1,900), Hongkong 100,000 (60,000), Malaya 480,000 (256,000), U.S. military for Ryukyu Islands 30,000 (20,000), Japan 160,000 tons.

These allocations have been announced by the International Emergency Food Committee. The figures are allocations and do not necessarily indicate that the recipient countries will get the precise quantities named.

In the new list of allocations Japan appears for the first time with 160,000 tons, while 402,000 tons is allotted for distribution in Europe and 10,000 tons is kept as unallocated reserve. Japan's 160,000 tons includes 50,000 tons of glutinous rice which is unpopular as a ration issue in South East Asia, and is now considered separately by the I.E.F.C.

Export Controls in India & Pakistan

Export control began in the period just before the outbreak of the war. The list of items which was small to start with was gradually expanded and ultimately it became necessary to take special powers under the Defence of India Rules. The first notification under the Defence of India Rules controlling exports was issued in May 1940 and it remained in force until, after the cessation of hostilities, it was replaced by powers derived under the Import and Export Control Act of 1947.

Since the termination of the war, some important steps have been taken to free exports from licensing control. Nearly 250 articles have been de-controlled, most important of which are mica, lac, raw wool, rugs, and carpets, coir and coir products, raw and tan-

ned hides and skins (excepting a few varieties of raw hides and skins), cashew nuts and tea. Although there has been this liberalization of export, the basic structure of export control continues to be the one laid down in the early days of the war, for quite different purposes. Recent experience has, however, shown some of the disadvantages of de-control; as a result of this the policy has, in some cases, had to be reversed during 1948 and some of the items which were free from export control have since been made subject to control. The two considerations leading to this change of policy in respect of certain items were, firstly, the fact that certain de-controlled commodities of Indian origin were being re-exported from some countries to hard currency areas at discounted prices with consequent loss of dollar to India and secondly, the loss of advantage to India in trade negotiations when commodities in world-wide shortage were freed from export control. Example of items in the first category are black pepper and sandalwood oil which had to be brought under control only because other countries were re-selling them to dollar areas at prices lower than the one which they paid in India. The most important example of the second type is the re-imposition of export control on various ores as a result of which it has been possible for India to secure better supplies of steel against allocations of manganese quotas.

One of the developments in 1948 which has had a serious effect on the administration of export control, as well as in other directions, is that during the year the standstill Agreement with Pakistan came to an end and thereby all export licensing restrictions became applicable to the movement of goods from India to

Pakistan. The intimate trade relationship which existed between the territories which have become two separate States would have anyhow necessitated a large staff to handle the day-to-day licensing work in connection with the movement of goods, merchandise, personal effects and postal parcels from India to Pakistan. Unfortunately to the volume of such genuine work as should have arisen was added a very large element of unnecessary work on account of speculators trying to get licences and cashing in on the scarcities which the imposition of control created on the other side of the boundary line. The absence of any previous official records, as to the people who were genuinely engaged in trading with these territories, made the administrative task an impossible one and exposed the export control organization to various types of criticism, apart from slowing down the whole machinery to the detriment of the general overseas trade of the country. It was only towards the end of the year when adequate staff had been sanctioned, that the situation improved sufficiently for the restoration of efficient working.

HONGKONG COMMODITY MARKETS.

Cotton Piece Goods

The main feature of interest in an otherwise dull market was the despatch of a first shipment of 10,000 pieces of grey sheeting to Afghanistan; further shipments are expected to follow, and it is hoped also to receive orders for cotton yarn. Little business was effected: Four lotus grey sheeting sold at \$48 per piece, dragon head was at \$49 and mammoth bird at \$48.80; Hsun Liang Yu white cloth fetched \$48.50, camellie stood at \$48.

Artificial Silk Yarn

There was an increased demand for artificial silk following the permission given by the Singapore Government for the importation of US goods from Hongkong. During the latter half of June about 50,000 lbs. arrived from the USA, which had been indentured for at US 50 cents and worked out at HK\$ 3.30 per lb., this was despatched to Singapore. Japanese artificial silk was also in demand: No. 120 Tenkyo brand sold at \$3.95 per lb. for ten days' forward delivery, peacock and three horse heads brand fetched \$3.90; Italian No. 120 stood at \$3.75. Korean buyers were also interested in these goods.

Woollen Knitting Yarns

Considerable shipments of woollen knitting yarn were despatched to Canton during the week: beehive brand improved in price to \$17 per lb., cuckoo rose to \$14, other brands fetched \$10, a rise of 50 cents per lb.

Metals

Taken as a whole, the metal market was dull, and very little business was transacted. Japanese galvanized corrugated roofing iron sheets were, however, an exception, being in great de-

mand and rose in price: G24 sold at 57 cents per lb., G26 rose to 68 cents, and G28 stood at 72 cents with low stocks. Galvanized pipes, mostly of British make, were required by buyers from Thailand (Siam): $\frac{1}{2}$ " sold at 80 cents per foot, $\frac{3}{4}$ " at \$1.05, 1" at \$1.15, $\frac{1}{2}$ " at \$1.70 and 2" at \$2.10; French makers were booked for forward delivery at 58 cents for $\frac{1}{2}$ ", 75 cents for $\frac{3}{4}$ " and \$1.05 for 1"; $\frac{1}{2}$ " and 2" rose in price to \$1.90 and \$2.40 respectively, but no sales were effected as the price was considered too high. Korean buyers were in the market for steel wire rope, and a large shipment which arrived from the United Kingdom was readily disposed of at higher prices as there was no competition from other makers: $\frac{1}{4}$ " stood at \$1.30 per lb., $\frac{1}{2}$ " at \$1.25, 1" at \$1.45, 2" at 90 cents, $\frac{3}{4}$ " at 85 cents and 3" at 75 cents. Black chain and galvanized chain were dependent upon local consumption and business was consequently limited: black chain sold at 40 cents per lb for 13/16", galvd. chain fetched \$1.60 for $\frac{1}{2}$ ", \$1.40 for 3/16", \$1.20 for $\frac{1}{4}$ ", \$1.20 for $\frac{5}{16}$ " and \$1 for $\frac{3}{8}$ " to 7/16". Wire nails were inactive: Italian make fell to \$63 per picul for G17 $\frac{3}{4}$ " and G18 $\frac{1}{2}$ " & $\frac{5}{8}$ ". Czechoslovakia and Polish makes fell to \$43 per picul, the Italian product to \$42.50, and French wire nails were reduced to \$41 with a view to disposing of stocks. American tinplate and tinplate waste were not much in demand owing to the closure by the KMT of North China ports: US tinplate in 200 lb cases (old stock) was offered at \$138 per case, 180 lb. packing sold at \$123 for a quantity of about 200 cases; British 200 lb. packing was not in demand, as buyers took instead tinplate waste, which is actually 2nd quality tinplate. US tinplate waste, 1st quality in 1 ton packing with re-export permit could not rise above \$97 per case, other packing specifications dropped to \$96, while ex-godown stood at \$95; 2nd quality 3-6" was at \$73, while below 3" sold at \$60.50.

Glass

A large shipment of over 10,000 cases of glass arrived from Japan and swamped the market, knocking out all competition; buyers, however, were reluctant to make large purchases anticipating drastic reductions in Europe. Japanese 100 sq. ft. 16 to 18 oz. fell from \$27 to \$24 per case, forward delivery, fetched the higher price of \$25, an indication that the price was too low; French glass of the same specification was quoted at \$27.50 for spot, a drop of \$1, while forward delivery was at \$22; Belgian fresh stock was at \$60 for 200 sq. ft. x 18 oz. Foreign wired plate glass was in demand at \$1.10 per ft.

Cement

A shipment of about 1,000 tons of Japanese cement ran into a typhoon when en route for Hongkong, but on arrival was found not to be badly damaged. As stocks of Japanese cement were rather low and buyers from Australia were in the market, business was good: Japanese cement in bags of 100 lbs. fetched \$5 per bag and ex-godown stood at \$108 per ton, while forward

delivery was at \$96 and later at \$98; Indochina red and black dragon brands were inactive, 1 cwt. packing fell to \$5.70, ex-godown was at \$5.45 ex-ship at \$5.35, while 94 lbs. was offered at \$5.20. Danish white cement in 1 cwt. bags fell to \$13.50 per bag, while red lion brand was offered at \$250 per ton for forward delivery. US red cross brand in 94 lb. bags stood at \$17.50. Green Island cement in 94 lb bags was at the official price of \$5.60 and white cement in 94 lb. bags was at the official price of \$5.60 and white cement "snowcrete" at \$55 per drum of 375 lbs. nett, while "emeralcrete" rapid hardening (Green Island) cement in bags of 112 lbs. was at the usual price of \$7.50. British "snowcement" cement paint in steel drums of 112 lbs. nett was at the usual price of \$58 per drum ex-godown.

Paper

At first the paper market was inactive on account of a lack of demand from North China ports, but later interest was roused by enquiries from buyers from Central China. Cigarette papers were most in demand by buyers from Amoy, 29 mm 6000 m Ecusta brand sold at \$22.30 per bobbin, smoking tiger brand at \$20.50, while 29 mm 4000 m improved by 20/30 cents per bobbin. British and US metal foil also rose by 12/15 cents per lb., and cellulose likewise rose in price.

Cigarettes

Buyers from Swatow and Amoy were in the market for cigarettes and over 10,000 tins of gold flake were sold, US camels also sold well. Canton was also requiring supplies.

Gunny Bags

The indented value of Indian gunnies rose slightly as a result of an increase in the price of jute at the supplying centres: 26 $\frac{1}{2}$ " x 44" 2 $\frac{1}{2}$ lb. No. 1 new bags were offered at Rs.237.6 per 100 bags fob Calcutta, 26" x 44" 2 $\frac{1}{2}$ lb. No. 2 new bags for August shipment were Rs.198.9 per 100 bags fob Calcutta, 40" 10 oz. hessian cloth for August shipment was at Rs.67 per 100 yards. New shipments arrived from Singapore and business was brisk; heavy cees 2" green stripe (new) 29" x 43" 2 $\frac{1}{2}$ lbs. fetched \$3.60 per bag and rose later to \$3.73. An order was received from South Africa for 2 million bags at the price of US 63 cents cif. Forward bookings for August were active with the news that the export quota from India would amount to 6,000 bales at an increased price of Rs. 290 per 100 bags.

Flour

The flour market was very active with demands from Foochow, Amoy and Swatow. US white greens and five swallows were sold out, and forward sales were made of white greens at \$22.50 per 50 lb. bags. Four vessels are en route to Hongkong with cargoes of flour from Canada and the US.

Sugar

There was little activity in regard to sugar; stocks on hand amount to 70,000 bags, including 50,000 bags of Formosan sugar, 10,000 bags from Can-

ton and 10,000 bags of other kinds. Formosan special refined sugar sold at \$48 per picul and later rose to \$49.50. Canton naval flower brand (refined) with export permit was offered at \$44.50 but without sales, later rising to \$45 per picul with permit and to \$48.30 without permit; British white sugar (refined) 1st quality sold at \$48 and later at \$52.

Ores

Exports of *wolfram* (tungsten) ore from Central China are strictly controlled, but with the uncertain political conditions obtaining in most parts of the country smuggling is on the increase. A certain quantity comes through Macao, but of late nothing has been received from Korea. Ordres from abroad come mostly from Great Britain and the USSR. Canton wolfram 65 degree fell in price from \$300 to \$290 per picul, Korean standard quality started at \$285 but sales were effected at \$280. Prices of *tin ingots* rose in consequence of the difficulty of securing supplies. Stocks of Singapore 99.75% have been greatly reduced and the price rose to \$600 per picul; Kwangsi, Pat Po, 99% stood at \$595 and Yunnan at \$590, both with export permits, but these prices were considered too high by exporters and a counter offer was made of \$570. Counting on a rise, Yunnan tin ingots which were sold at \$575 were re-offered at \$610 but without sales. Ho-Yuen, Kwangsi, 97% sold at \$580 a rise of \$20 per picul.

Vegetable Oils

From June 1 to 25 an amount of 3987.5 tons or 21,134 drums of vegetable oil was received in Hongkong: the bulk was comprised of teased oil 12,195 drums or 2,300.95 tons, next came woodoil (tungoil) with 4,035 drums or 761.3 tons, and the balance of 621.86 tons was of aniseed oil, camphor oil, cassia oil, coconut oil and groundnut oil. From June 26 to July 4 the quantity received amounted to 2923 drums, consisting of 1541 drums of teased oil, 823 drums of woodoil, 337 drums of rapeseed oil and 222 drums of aniseed oil, groundnut oil and other kinds of oil. Such large quantities have been arriving from Canton that stocks in that city have been greatly reduced. It is feared that the floods along the West River, Kwangtung, will affect the movement of vegetable oils from Wuchow to Canton and may endanger future supplies, consequently prices are likely to remain high for some time notwithstanding a falling off in demand from abroad. *Teased oil* sold at \$150/\$151 and closed at \$153 for a quantity of 500 drums; *woodoil* started with sales at \$134 with export permit and \$131 without permit, and rose later to \$135 and closed at \$138 per picul for 500 drums without permit. *Rapeseed oil* sold at \$118 without export permit. In Hunan wood-oil from Cheungsha rose from \$12 to \$15 which worked out at HK\$100 cif

Canton per picul. In Canton woodoil was priced at \$99 and teased oil at \$120, with overhead including the surrender of exchange the price of wood-oil would work out at HK\$139 and of teased oil at HK\$160 per picul; later the price in Canton rose to \$108, which would work out in Hongkong at \$143. The New York price of woodoil on July 4th was US 19 cents to 19.8 cents per lb, which allowed of a profit; in London the price was steady at 170/- per cwt, but with an uncertain market. *Groundnut oil* was very active with heavy demands from Canton and Macao as well as Formosa. Tientsin groundnuts at \$135 per picul were immediately snapped up and a resale was successfully effected at \$138; a further offer of \$140, however, was not taken up by the sellers; Fong Tse groundnuts started at \$140 and rose to \$145 per picul. Singapore *coconut oil* was in demand by buyers from Canton as well as from Swatow and Amoy; prices started at \$103 per picul and rose to \$104 until stocks were sold out; forward bookings were arranged at \$99 for a quantity of 100 drums and drums and later at \$102 per picul.

Bristles

A falling off in the demand in New York has led to a dull period in sales of bristles; the price in New York of Tientsin No. 55 (short) had risen from US\$6.30 to \$6.50 per lb and for Chungking black was US\$2.40, but sellers were awaiting higher prices. In Hongkong Tientsin No. 55 (short) was offered at US\$6.80 and Chungking black at US\$2.50. In Tientsin stocks amounted to 1650 cases and about the same quantity was held in Hongkong. These were not large stocks, but would suffice to meet the present small demand. Although some supplying sources like Chungking and Hankow have greatly reduced their output because of the civil war, Shanghai and North China have resumed operations and their output amounts to about 20,000 cases a month. With these supplies it should be possible to meet the present small requirements, but it might prove difficult should demands increase from abroad.

Industrial Chemicals Market

Ships for Inchon were carrying away some cargo ordered by North China. At present transhipment via Korea is the best and practically the only means of reducing stocks of local dealers. Larger orders from Tientsin are on the books of exporters but shipping space (to Korea) is limited.

Cheaper prices are generally predicted as a result of the lower US\$ price on the unofficial market following the categoric denial of the sterling devaluation rumours which have been plaguing the merchants in Hongkong for many months and which have been so much abused by certain groups of exchange operators.

In case of export demand turning stronger—which is dependent on the communications with North and Central China—the market may be rescued from falling into a slump. There is another hope among merchants for a stable trend that is the buying season's approach which usually starts in August and ends in November. But the demand in China and ability to get the goods to the buyers there will determine the price position here.

All imports from hard currency countries had to be financed in the past from importers' own funds—there may have been a few exceptions in the case of fine chemicals when official exchange was allotted for use of local residents—so that the new restrictions on imports from the U.S. will have no effect on the local chemicals market. The open market US\$ rate however should, in case of its decline—a matter which is looked forward to—stimulate more imports from the U.S. Under present conditions when one US\$ is overvalued here at HK\$ 6 to 6.40, American chemicals, as for that matter any commodities from the US, are far too high and the public is badly overpaying. It is therefore no wonder to see that more dealers switch over from US to British chemicals and otherwise try to obtain their supplies from so-called soft currency countries. With the return of Germany to world trade and her inclusion into the sterling area payment agreements the prospects for Hongkong-Germany trade have improved and imports from the US should further decline.

Caustic soda solid. Market further dropped a little. 700 lb drums USA origin sold from \$167 to \$162 per drum, and Crescent brand 672 lb drums sold from \$187 to \$182.

Gum Copal. This is used for making varnish, and sometimes used for straightening collars. The market is very weak, sellers ask 72 cts per lb only. Consumption of this gum is quite narrow.

Fluorspar. This is a natural stone consisting of calcium fluoride. It is used in enamel ware and glass industry for making articles opaque and of milky colour. It is produced in North China, and sold to local manufacturers. Price about \$550 per long ton.

Sodium nitrate. In general it is a nitrogen fertilizer, however, the Chinese farmers are not accustomed to its use as a substitute for ammonium sulphate the price of which is dearer. In the second place, it cannot be used for pyrotechnic purposes as it is more hygroscopic than potassium nitrate, or potassium chlorate. The chief use of it is for making nitric acid. The consuming channel is narrow; sales are difficult as the present stock is large: 1 cwt bag costs about \$30 per picul.

Cobalt oxide. This metallic oxide will develop blue colour on porcelain, glass, and enamel ware, and therefore is called by Chinese merchants "Porcelain blue". The Fortress brand USA origin 10 lb tin sold \$115 per tin.

Chromic acid. As fresh shipment replenished the stock, the price came down. Du Pont 100 lb drums flake form asked \$2.80 per lb only. The lump form is cheaper with no buyers.

Bleaching powder 70%. Market firm, 130 lb drums USA origin sold \$1.70 for a few lots.

Bleaching powder 35%. As Canton selling price for Red Heart brand is HK\$55 per cwt, it is profitable to import from Hongkong. However, as 35% bleaching powder is prohibited to import into China (as there are many local makers), the smugglers take this opportunity to do their business. Scores of tons were sold last week at \$28.50 per drum for the abovementioned brand.

Corn Starch. The ICI Globe brand 140 lb burlap bags were sold around \$60 per bag.

Sulphur black. National Company 693 brand 100 catty drums sold up to \$245 per picul.

Menthol. Peppermint is mostly planted in Kat On District of Kiangsi Province. The menthol and peppermint oil can be refined at Shanghai. It is one of the export leaders in China. Two months ago during the civil war in Shanghai the menthol price was raised in USA up to US\$10 per lb notwithstanding it being also produced in Japan and Brazil. At present menthol is sold at \$60 per lb. It is generally packed in 5 lb tins and 12 tins to one case.

Glycerine. In general this chemical is divided into four grades. The best is CP quality about 95% pure, and then dynamite, saponification, and soap grade. The last is about 88% pure and consisting partly of sodium chloride due to the extraction from soap which is made by the addition of sodium chloride solution. There were a few tons of yellow colour glycerine sold at \$50 per lb only. The CP quality 560 lb drums or 50 lb tins dropped to \$2.30 per lb, as new shipment arrived.

Glacial acetic acid. Market dull. 45 lb carboy sold 91 cts. per lb.

Potassium permanganate. This is a fine chemical as it is scarcely used technically. It is about \$2 per lb.

Sodium cyanide. ICI 50 kg drums sold from \$1.00 to \$1.05 per lb. A few tons were sold.

Zinc oxide. The market is active, upward tendency. Nearly hundred ton business was booked. At the end of last week the prices of 50 kg wooden case 58 cts per lb, of 50 kg wooden barrels 63 cts, and of 50 kg galvanised iron drums 65 cts. All are of Japan origin without export permit.

Shellac. The superfine quality was sold around \$390 per picul. The lowest is \$370, and the highest \$400. Needless to state this product is used for making varnish.

Borax. Market at standstill. 100 lb paper bags granular form USA origin sold \$22.50 per bag.

Phenol. USA origin 450 lb drums were sold \$1.35 to \$1.40 per lb, that of broken drums \$1.07. Forward sales

Shanghai, North China and Manchuria Reports

Trade with Tientsin

During May, North China's trade with other areas of China under Communist control and with foreign countries improved mainly as a result of more frequent ocean ship sailings and resumption of business, although on a restricted scale, with Hongkong. In April and in the preceding months foreign trade of Tientsin was very small with exports exceeding the value of imports. May export figures are not yet released in Tientsin but it is stated there that the value of exports again surpassed import values.

Total imports in May valued PB\$ 1,341 million (in April 657 m.). As the official foreign exchange rate in Tientsin was in May PB\$650 per US\$1 and was changed on May 19 to PB\$1040, the monthly average rate would amount to PB\$845, and the total import value in May to slightly over US\$ 1 1/2 million. However, the Bank of China in Tientsin, which is in charge of the operation of the Foreign Exchange Office, only reports transactions (trade and services) of an amount of US\$1,099,606. It must be assumed that the actual value of imports into Tientsin, from abroad and from other parts of China, mainly Shanghai, was less than US\$1 1/2 million.

Of all imports recorded in Tientsin in May, American merchandise and United Kingdom commodities accounted for 38.45% and 10.58% respectively. About one half of the tonnage unloaded came from Hongkong. Shanghai was an important supplier mostly of cargo

which was earlier imported into Shanghai.

The item accounting for the biggest share was medicines with 10.83% of total import values in May. Medicines imported had a weight of 28,023 kilogs, valued at PB\$145.2 million; next came smoked rubber sheets 5081 kilogs, PB\$119.2 m., chemicals PB\$89.2 m., paper (mostly woodfree and newsprint) 5,825 kgs., PB\$78.8 m., and dyestuffs 366 kgs., PB\$66.1 m.

The recently imposed blockade by the KMT government has made shipments to Tientsin a dangerous matter. Land communications between Shanghai and Tientsin are unimpeded but there is little which these two cities can commercially interchange; they are both dependent on regular and large supplies from foreign countries. The blockade or closure of Chinese ports under Communist control may therefore exert a strangling effect on the operation of industries in Shanghai and in North China and may also lead to an increase in the over-all cost of living. To counteract these effects, at least to some extent, merchants are taking steps to charter ships for South Korean ports and otherwise load cargo destined for North China on board regular carriers for Inchon, Korea. KMT forces will not, it is hoped, intercept such ships.

Freight charges have recently much advanced as regards direct sailings to Tientsin or any other northern port. While already in the past most shipping firms in Hongkong charged around

for 448 lb drums Australia origin due Hongkong in about two weeks is \$1.03 per lb only. From this point of view the future market is more down as the present export demand seems well met.

Ammonium chloride. 1 cwt bags Australia origin was sold several tons at \$560 per long ton.

Paraffin wax. Market continues firm. AMP 143/150 nine slab to one carton was sold from \$68 to \$70 per picul.

Nitric acid. 80 kg carboy Dutch origin sold 60 cts per lb, 57 lb carboy USA origin at 78 cts. The reason of the former being cheaper than the latter is due to its diluted concentration, 40 degrees Be' as compared with 42 degrees Be', and due to its inconvenient packing.

Potassium bichromate. Market active but price coming down. Granular form of various packing from \$1.20 down to \$1.15 per lb. Crystal form 100 kg wooden barrels Italy origin at \$1.30.

MBT. As new shipment arrived, the importer sold a lot as low as \$1.72 per lb for 224 lb metal drums English Monsanto product. No sooner was this business done as the next sale was \$1.08.

Ethyl alcohol. It is generally known as "alcohol", the fermented alcohol. It is the most important organic solvent and also used for medicinal purpose. The one called denatured alcohol is

mixed ethyl alcohol with methanol, pyridine or other chemicals making it unsuitable for drinking. The local tax on denatured alcohol is much cheaper than that on pure grade. As a result of the consecutive decline in price in USA since last November, and large scale production in Kwangtung, Kwangsi, Kweichow, and Formosa, the local market has dropped greatly. The Manila origin denatured alcohol 189 proof, equivalent to about 95%, was sold about 50 cts per lb only.

Borax acid. Three Elephant brand 100 lb bags sold 43 cts per lb.

Citric acid. Market still firm. Crystal form sold \$1.80 per lb, powder at \$1.70.

Vaseline. Snow white 375 lb drums sold 42 cts per lb, but extra amber 375 lb drums 28 1/2 cts only.

Lithopone. Last week was active business. Dutch origin 50 kg bags at 42 cts per lb. USA origin 50 lb paper bags at 44 cts.

DPG. English Monsanto 150 lb metal drums sold \$2.15 per lb.

Sodium silicate. This alkali is used in soap making for producing a great deal of lather, and also for making Chinese artificial lye instead of that made from ash which contains potassium carbonate. The ICI Pyramid brand 750 lb drum sold \$187 per drum. This is the lowest price since the turn of this year.

HK\$75 per ton, the present rate has come up to HK\$90 to 100. Shipping companies are earning well on North China runs but it must not be forgotten that the time required to stay in Tientsin is very much longer than anywhere else, necessitated as it is by the wearisome proceedings between merchants prior to concluding their barter deals. It often happens that a ship remains in a North China port for 14 days and thus the merchants have to pay for the time idly spent. Insurance, including war risks, was charged until a short while ago at about 3½% but has recently been increased to 5%. With the rerouting of cargo from Inchon in Korea to North China, mainly Tientsin, Peiping, Tsinan, the additional freight expenses become almost prohibitive for traders and the general public in North China.

Hongkong merchants are nevertheless well supplied with orders from North China and Shanghai but the problem of dispatching them is difficult to solve. The use of Inchon as an entrepot for North China is; apart from being expensive, not yet developed and many shippers shun this method of doing business with North China. Inquiries here from Shanghai and Tientsin, directly by trade organisations or brokers, have become more frequent and profit margins have therefore increased. Consistent inquiry is made for iron and steel materials, paper (newsprint), chemicals, dyestuffs, pharmaceuticals and medicines, smoked rubber sheets, raw cotton etc.

It is hardly possible to foresee the developments of the KMT blockade; for some time to come this blockade will seriously embarrass the rehabilitation effort of the authorities in Shanghai and Tientsin. On the progress of foreign trade depends the well-being of the industrial proletariat and the maintenance of the present already inflated price level. There should be few shipping firms who will risk running their ships to North China while the danger of interference by KMT men-of-war and bombing aircraft is not eliminated. The Communist authorities possess no

ocean going ships; and even if they would succeed to purchase one or two foreign ships and running them under the Chinese flag, the KMT naval and air forces would within a short while capture or disable them. Even river shipping if not far from the coast has been in danger and much cargo and human lives were recently lost. The situation has now deteriorated to such an extent that the People's armies have imposed a military news blackout and are now preventing, by censorship, the cabling of news agencies reports abroad. The question of the blockade is bound up with the military situation in South China. Provided that the People's Liberation army can occupy the whole or that part of Kwangtung adjacent to Hongkong there should be no serious difficulty for an exchange of commodities, across the land frontiers and along the rivers and channels of South China. It remains however to be seen how aggressive and successful the Chinese People's forces will be and how determined the resistance will turn out of the Canton government. Until the war position in South China clears up, the blockade imposed by the KMT government will have growingly adverse effects on the economic life of China under Communist Party control.

Tientsin Shipping

Shipping returns from Tientsin bear out the progress of trade which North China has seen during the last two months. June shipping entering and leaving Tientsin aggregated 170,000 tons being an increase of 60% over May. 118 vessels called on and departed from Tientsin in June. Communications were resumed between Tientsin and the US West Coast and New York, with the U.K., Hongkong and the Philippines. The shipping companies running vessels to and from Tientsin were all foreign owned, viz. British, American, Panamanian, Norwegian, Egyptian and Korean. The recently imposed blockade of North China ports will however curtail ocean communications and shipping figures for July should show a great decline.

Shanghai Cotton Mills & Labour

Shanghai cotton spinning mills are almost all back in production. The privately owned mills number 55 and all but one are operating at present turning out 772,000 lbs of yarn per day (that is 16,000 lbs more than before the city passed under CP control). The combined number of spindles operated now by the private mills is 1.1 million which is 77% of all installed spindles (several private mills' plants were destroyed or badly damaged during the hostilities preceding the change-over in Shanghai). The number of privately owned spindles in Shanghai is larger than the one of government owned mills. The percentage of private mills' spindles in Shanghai is 61%, government owned and operated spindles 39%. Shanghai's private mill owners possess about 33% of all spindles installed in the whole of China. Several privately owned mills have, in fact though not by law, come under the management of the authorities and other cotton mills may, if the ownership can be traced back to so-called bureaucratic capital, become the property of the people.

Due to the rising cost of living and the 'rice standard' of payment there has been recently much labour unrest and demands made by workers on the various managements have not always been complied with as funds at the disposal of the owners were insufficient to pay increased wages. As is these days the correct procedure when negotiating about wage questions, managers were detained in their offices and thus 'moral' pressure was brought to bear on recalcitrant owners. Labour so far has been successful in their approach for higher wages as the People's Liberation forces have not seen fit to intervene and introduce proper negotiatory machinery. The behaviour of factory labour has been censored as undisciplined and operation of many plants has become unprofit-

able but management was restrained from closing while on the other hand the new authorities did not provide the funds for payment of wages. Thus a situation has arisen when in many industrial plants workers cannot receive their wages as there is no cash any more available.

As regards the privately owned cotton spinning mills the management-labour tussle has not yet assumed as serious proportions as witnessed in the public utilities and other industries of Shanghai. Cotton spinning and weaving is Shanghai's major industrial activity on the performance of which depends the success or failure of the Chinese export drive, therefore the Communist authorities seem to be anxious to eliminate, if possible, labour trouble and have made efforts to induce workers to adopt a more reasonable attitude.

Manchurian Production of Salt, Coke and Coal

State-owned salt beds along the Manchurian coastline have produced 600,000 tons of salt during the first half of this year. This is 85 per cent of the 1949 plan. It is estimated that a total of some 900,000 tons of salt will be produced before the winter sets in. The Manchurian salt industry saw great expansion under the Japanese who needed a large salt supply for their industry. The Japanese confiscated many private salt beds. By 1944, the industry was producing 1,300,000 tons of salt annually. But the industry declined when the KMT army occupied the Manchurian coastline where the salt beds are located. When People's Army units freed the coastline by the end of last year, they found that most of the machinery was wrecked, the warehouses and workers' quarters were levelled and the salt-drying fields filled with slime a foot thick. The People's Government began the rehabilitation of the salt industry without delay. In this, it had the cooperation of more than 12,000 salt workers, who also launched a series of emulation drives. As a result, 87 per cent of the salt drying fields and 60 per cent of the pumps were soon put into operation. Today, electric pumps are humming 24 hours of the day along the Manchurian coast pumping the waters of the Gulf of Chili into drying fields. Workers say that they can annually produce 1,500,000 tons of salt by 1951 if industries in the Northeast require this amount.

The production of coke under modern methods has been revived in Manchuria by the Anshan Steel Company. The coke is found to consist of 12.79 per cent of ash while the best quality coke produced in Manchuria at the time of the puppet Manchukuo was composed of 12.05 per cent of ash:

Apart from supplying fuel for smelting purposes, such by-products like benzol, ammonium sulphate, coke oil and tar are also produced supplying raw material to pharmaceutical, dyeing, rubber and other light industries.

Coal output increased by 5½ times as the miners of the "Tigers Terrace" coal mine of Fushun, Liaoning Province, opened 36 "bolt holes" within five months. There were, originally 13 pits with the normal gross output of 2,000 tons per day. At the time of liberation, only four pits were left undamaged by the KMT troops and the output fell to only 200 tons per day. After Fushun was liberated last winter, miners opened new "bolt holes" and raised the gross output to over 1,100 tons per day.

Export Promotion in Shanghai

"Provisional Regulations for Promoting Export Trade" have been promulgated by the Foreign Trade Administrative Bureau of East China area, in Shanghai. Main points of the regulations are as follows:—

1. If the cost price of any commodity for export is higher than its selling price in the foreign market, thus rendering it not exportable, the Foreign Trade Administrative Bureau will, at its discretion, appoint certain state-owned trading companies to buy that commodity. 2. If a successful exporter is in financial difficulties, assistance will be given him by the Bank of China or other appointed banks in the form of "export bill of exchange" or "packing credits". 3. If an exporter who can ship his cargo abroad within one month is in financial difficulties, the Bureau will ask the Bank of China to purchase his letter of credit. 4. Priority will be granted to exporters who apply for permission to export for the purpose of opening new markets abroad and help will be granted if necessary. 5. Priority will be given to manufacturers producing export goods who apply for permission to import the required machinery and materials with foreign exchange acquired through export transactions. Special permission will be granted for the import of materials necessary for the making or packing of export goods even if they are on the contraband or special list. But export goods, made or packed with these materials should be exported within six months.

To improve and standardise the quality of goods for export, goods will be examined and those which are above the required standard in quality will be given awards.

Shipping in China

After the Kuomintang government was forced to retreat to Canton and Taiwan the merchant shipping organisation has progressively deteriorated. The Communist authorities have as yet hardly any fleet at their disposal; some KMT government owned river vessels and a few coasters have been captured but their seaworthiness is poor. For ocean communications the various regional People's governments (Manchuria, North China, East China) depend on foreign flag vessels.

The biggest Chinese shipping firm, the government owned China Merchants Steam Navigation, has set up its head office in emigration in Taipei and has managed to get the majority of its vessels out of Shanghai before the city was occupied last May 25. The tonnage of the CMSN is now inadequately employed on the very reduced China coast runs and the organisation is incurring losses at current limited operations. Of all the private Chinese shipping firms only the Min Sun own a fleet of modern cargo and passenger vessels. Being mainly interested in inland river communications, the Min Sun (Ming Sang S. S. Co. Ltd.) are now barred from the Yangtze and find little opportunity in running profitable voyages in South China or between Hongkong and nearby ports (Macao, Canton). With the expected advance of the People's army and the change-over of authority in Canton the position of private Chinese shipping companies will become more precarious. Eventually they will have to place themselves under the authority of the new regime which might mean actual exercise of control by the new government. The fate of the CMSN is bound up with the future of the KMT; in the liberated area all KMT and KMT government properties were nationalised and corporations in which the KMT and so-called bureaucrats held any share have also been placed under full control of the new regime.

The total tonnage owned by Chinese, private and officially, is below one million gross tons (against 500,000 in 1937) much of which is ready for scrapping. New ships were however bought or otherwise acquired by the

Chinese KMT government and private firms during the last 2½ years and they will form the nucleus of the future Chinese merchant marine. With some additions and good maintenance, these ships should suffice to serve China's inland river and part of her coastal transportation. The question however is whether the dockyards and repair facilities in China will be capable of servicing the merchant fleet, and whether the training of skippers, engineers, officers, radio operators, and an efficient crew will keep step with the new tasks.

A number of tragedies which occurred last year have seriously compromised the prestige of Chinese seamanship; the disaster of the sinking of s/s Kiangya, last December 3, with some 2000 people drowned, brought to the fore the problem of complete lack of organisation by shipping companies and reckless behaviour of passengers; the sinking of s/s Taiping, on January 27, with some 1000 people perished, served to underscore the fact that callous disregard of SOS has become almost the rule while good seamanship is still, with very many, an art to be learned. If not for low freight and passenger charges Chinese vessels would hardly be able to sail overseas. Their field is the shipping along the coast and in the navigable rivers where no foreign competition can enter and where the Chinese people have no choice but to put up with a lamentably bad service.

Chinese Shipping Conditions in 1948.

In October 1948, the total registered tonnage of Chinese merchant shipping amounted to a little less than 1,200,000 gross tons. Taking the tonnage for the port of Shanghai alone at the beginning of 1948, it had 883 vessels with 768,975 gross tons. A break-down of the ships registered in Shanghai, according to their age, reveals the following figures:— 302 ships from 1 to 4 years old, 169 ships from 5 to 10 years old, 175 ships from 11 to 28 years old, 79 ships from 29 to 40 years old, 19 ships from 41 to 50 years old, 6 ships over 50 years old.

The ships under the first and second categories are mostly surplus vessels built during the war by the U.S.A., such as LST's and LCI's, while the other vessels are regular merchant ships.

There are 79 ships in the class from 1,000 to 2,000 tons, 87 ships from 2,000 to 3,500 gross tons, 17 ships from 3,500 to 5,000 gross tons and 21 ships from 5,000 gross tons upwards. Most of the ships above 1,000 tons are old, and cannot compete with the newer vessels under construction.

Most of the older ships above 5,000 tons have been operating, either to carry coal from Chinwangtao and Keelung to Shanghai or to carry iron ore from Hainan Island to Japan, or are operated in tramp service over the Seven Seas.

Owing to the civil war, cargo movements have been on the decline, with available bottoms far exceeding demand. Due to the rapid depreciation of the Chinese Dollar, the freight rates

on many occasions were the lowest for any part of the world. Freight rates include stevedoring charges for loading, discharging and stowage on board ship. The shipping industry often operated at a financial loss. Ever since the enforcement of the economic reform measures promulgated on August 19th, 1948, the shipping industry has been confronted with additional difficulties, so much so that many of the shipping companies had to lay up their fleet.

Cargo movements were very much curtailed, as a result of which a great number of ships have to sail in ballast or with limited quantities of cargo. On many occasions, after cargo had been booked, an embargo unexpectedly imposed by the government suddenly leaves the shipowner with either sailing away in ballast or hurriedly soliciting whatever cargo may be obtainable.

Most of the ships are insured in foreign currencies. The premia in foreign currency have never been made available to the shipping companies by the Central Bank of China. The foreign currency required for the insurance premium payment had been obtained from the black market, particularly for those ships which are operating on the coast and along inland rivers with no opportunity to earn foreign currency. Many of the shipowners had to let their ships go uninsured.

A great number of ships have been commandeered for military charter, inflicting financial losses on the shipowners.

The shipping companies have organized shipping associations, which in turn formed the National Association. It is through these local and national associations that the shipping rates are fixed. If negotiations have to be taken up with the Government

or other organized bodies, this is usually done through those associations. The seamen likewise have their own organizations, i.e. Officers' Union, Seamen's Union, Engineers' Union, Pilots' Union and Radio-Officers' Union. These unions are usually very energetic and truculent particularly when it comes to making certain demands upon the shipping companies.

CHINESE PORTS

The following Chinese coastal ports are open to foreign shipping:— Chinwangtao, Tientsin, Tsingtao, Shanghai, Ningpo, Wenchow (all being under Communist control); Foochow, Kee-lung, Kaohsiung, Amoy, Swatow, Canton, Lappa, Kongmoon, Liuchow or Tsamkong, Hoihow and Pakhoi. The last named 11 ports are under the control of the Canton government. The temporary closure of the ports under Communist control has been announced by the Canton government but foreign powers' protests have been lodged against this measure. Nevertheless, the closure order remains and cessation of foreign shipping as regards these ports has been virtually enforced. Ocean communications with Taiwan (ports: Keelung for Taipei, the capital; and Kaohsiung, formerly Takao) are actually controlled by the Taiwan Military Government who are independent from the Canton government of Premier Yen Hsi-hsan.

An effort made by the Kwangsi military clique to have Wuchow declared an open port for foreign communications proved abortive. The Chinese Maritime Customs have never received instructions as to its opening to foreign commerce and thus all sea transport from Hongkong to Kwangsi has to be either carried in Chinese bottoms or if cargo is loaded in British ships it has to be transhipped in Canton for discharge in Wuchow.

HONGKONG JUNKS & LAUNCHES

Returns for June 1949

Foreign Trade conducted by Junks and Launches of 60 tons and under

JUNKS

Number of Vessels		Tonnage of Vessels		Dead Weight Tonnage of Cargo		Number of Passengers	
Inward	Outward	Inward	Outward	Inward	Outward	Inward	Outward
918	1,087	111,756	111,037	33,352	12,095	2,485	5,395
LAUNCHES							
179	177	4,452	2,564	383	—	—	40

Local Trade conducted by Junks and Launches of 60 tons and under

JUNKS

Number of Vessels		Tonnage of Vessels		Dead Weight Tonnage of Cargo		Number of Passengers	
Inward	Outward	Inward	Outward	Inward	Outward	Inward	Outward
748	775	23,247	24,369	7,508	6,617	18	18
LAUNCHES							
283	279	11,273	11,371	1,995 ³ / ₄	281	22,844	24,121

Hongkong Shipping Returns

For the First Half Year of 1949

	Ocean Steamers		River Steamers		Ocean Passengers		River Passengers	
	Tonnage	In	Tonnage	In	Out	In	Out	In
Monthly Averages 1948	659,582	651,394	122,834	123,338	23,583	19,547	37,529	39,769
1949								
January	722,280	715,484	141,769	137,319	21,672	15,202	41,523	54,792
February	650,886	727,381	116,360	177,936	19,352	13,168	42,989	51,170
March	750,855	780,820	125,758	124,713	25,632	15,342	48,647	59,529
April	831,249	795,713	173,089	177,153	24,015	19,041	46,260	55,152
May	928,084	852,178	138,907	134,111	33,638	21,046	53,373	48,078
June	835,194	835,626	163,664	165,217	24,274	18,007	46,630	52,986
First half year	4,718,548	4,707,201	859,547	916,449	148,583	101,806	279,422	321,707
Monthly averages for 1949	786,424	784,533	143,257	152,741	24,763	16,967	46,570	53,618

Total ocean steamer tonnage for January to June: 9,425,749 tons; total river steamer tonnage: 1,775,996 tons; grand total: 11,201,745 tons.

Total ocean passengers: 249,689; total river passengers: 601,129; grand total 850,818.

During the first half year of 1949 ocean and river steamers tonnage of vessels entered and departed aggregated 11.2 million tons, constituting the post-war record. The harbour of Hongkong has been crowded as never witnessed in the years after the Colony's liberation testifying to the great advance made in world shipping and in the rehabilitation of ocean communications between the Far East and other parts of the world. The high shipping returns bear out the record trade figures of Hongkong and reflect the continued high degree of prosperity enjoyed in this leading entrepot of the Far East.

Compared with the average figures for 1948—a year which was regarded here and abroad as the peak period in the post-war trading boom—current shipping returns show very considerable increases. More ships on the ocean and river runs and more passengers were recorded here this year than in 1948—not to mention 1947 figures.

On the basis of 1948 monthly averages the increases this year amount to the following percentages:—Ocean steamer tonnages: inward: 26.62% in June increase over 1948 monthly average, and 19.23% increase in the first half year 1949 over the 1948 average. Outward: 28.28% in June, 20.44% in the first half year. River steamer tonnages: inward: 33.24% in June increase over the 1948 monthly average, and 16.63% in the first half year 1949 over last year. Outward: 32.70% in June and 23.84% in first half year.

Passengers: Ocean passengers June increased by 2.93% over the 1948 monthly average, and by 5% in the first half year 1949 over 1948. However, ocean passengers outward bound decreased this year when compared with last year, viz. by 7.88% in June, and by 13.2% for the first half year. River passengers inward increased in June by 24.25% over the 1948 monthly average and by 24.1% in the first half year over last year. River passengers outward bound increased in June by 33.23% over the 1948 monthly average and by 34.82% in the first half year over 1948.

HONGKONG COMMERCIAL CARGO

for the first half year of 1949

1949.	Ocean vessels		River Vessels		
	Discharged	Loaded	Discharged	Loaded	
January	255,158	107,932	12,445	8,507	
February	179,805	76,461	7,059	7,183	
March	241,212	104,913	7,785	14,754	
April	243,243	110,306	6,747	5,182	
May	340,280	133,832	10,874	7,052	
June	225,855	138,107	9,934	10,911	
First half year	1,485,553	771,551	54,844	53,589	

Total ocean cargo for the first half year 1949:—2,257,104 tons. Total river cargo:—108,433 tons. Grand total: 2,365,537 tons.

During June the ocean cargo inward declined against the post-war record of May but the outward cargo again established a record exceeding the previous month. Cargo on river ships was as far as imports are concerned well maintained while export cargo

strongly increased over May and was the second highest for the current year. The relatively high river cargo figures this year reflect the improved trade conditions between Hongkong and South China.

Monthly averages for 1947, 1948 and for the first six months of 1949:—

	1947	1948	1949
Ocean cargo, in	187,552	193,416	247,592
", out	71,047	87,849	128,592
River cargo, in	7,483	9,042	9,141
", out	7,369	7,456	8,931
Grand total ..	273,451	297,763	394,256

The increases this year over 1947 and 1948 averages are as follows:—

percentage increase over

	1947	1948
Ocean cargo, in ..	32.01%	28.01%
", out ..	81.00%	46.38%
River cargo, in ..	22.16%	1.10%
", out ..	21.20%	19.79%
Grand total	44.18%	32.41%

For the first six months of this year ocean and river cargo figures of over 2.3 million tons far exceed the respective tonnages handled in 1947 and 1948. The increases of the current year (six months' averages) over the

HONGKONG SHIPPING REPORT FOR JUNE 1949

Ocean Steamers

Flag	Arrivals			Departures				
	Ocean Steamers			Ocean Steamers				
No.	Tonnage	Cargo	Passengers	No.	Tonnage	Cargo	Passengers	
British	90	251,562	74,130	10,620	94	264,092	59,735	7,789
American	26	139,388	18,000	829	26	139,388	9,236	1,749
Chinese	95	118,903	22,293	3,858	79	93,217	28,537	2,040
Danish	12	42,879	10,098	707	15	52,764	6,147	608
Dutch	18	84,519	26,069	4,469	20	93,255	8,764	2,224
Egyptian	1	3,745	—	—	1	3,745	2,000	40
French	5	12,236	3,746	10	3	8,931	850	5
Honduran	1	1,863	—	—	—	—	—	—
Siamese	1	822	1,500	—	1	822	300	—
Norwegian	34	81,819	26,956	3,532	35	83,054	16,100	3,102
Panamanian	19	61,946	34,460	210	19	53,279	1,945	6
Philippine	10	18,977	3,542	17	10	20,470	1,369	60
Portuguese	7	3,080	1,030	6	7	3,009	402	105
Swedish	14	12,219	2,481	15	5	14,277	1,702	29
U. S. S. R.	1	1,236	1,550	—	5	5,322	1,020	250
Total								
Foreign	234	583,632	151,725	13,654	226	571,533	78,372	10,218
Total	324	835,194	225,855	24,274	320	835,625	138,107	18,007

River Steamers

Flag	Arrivals			Departures				
	River Steamers			River Steamers				
No.	Tonnage	Cargo	Passengers	No.	Tonnage	Cargo	Passengers	
British	153	102,744	4,906	24,744	153	104,205	7,396	30,689
Chinese	185	58,320	3,698	21,760	186	58,412	3,085	22,214
Portuguese	13	2,600	1,330	126	13	2,600	430	83
Total								
Foreign	198	60,920	5,028	21,886	199	61,012	3,515	22,297
Total	351	163,664	9,934	46,630	352	165,217	10,911	52,986

Shipping returns in June showed a total ocean and river tonnage, inward and outward of 1,999,700, and a total of passengers carried of 141,897. Ocean steamer tonnage, in and out, was the second highest this year (and at the same time for the whole postwar period), aggregating 1,670,819. River tonnage was the second highest for inward and the third highest for outward bound ships, aggregating 328,881. Passengers on ocean steamers were the 3rd and 4th highest this year for in and out respectively, aggregating 42,281, and passengers on river ships were the 3rd and 4th highest this year for in and out respectively, aggregating 99,616.

Ocean steamers in June: As usual British vessels dominate as regards tonnage of vessels, cargo and passengers. The leading flags were the following:—Arrivals, tonnage: British, American, Chinese, Dutch, Norwegian, Panamanian, Danish. Cargo: British, Panamanian, Norwegian, Dutch, Chinese, American, Danish. Passengers: British, Dutch, Chinese, Norwegian. Departures, tonnage: British, American, Dutch, Chinese, Norwegian, Panamanian, Danish. Cargo: British, Chinese, Norwegian, American, Dutch. Passengers: British, Norwegian, Dutch, Chinese, American.

Chinese shipping increased as a result of political conditions in Shanghai and North China where no communications are permitted by the Canton government. With American ships, it remains always the same: considerably more cargo discharged than loaded while more passengers leave by US ships than enter. Panamanian and Norwegian ships have scored heavily in the North China and Korea trade. Many Panamanian vessels are owned by British companies. Philippine ships have recently come here in larger numbers taking part in the Philippine and trans-Pacific trade. One Soviet ship arrived discharging 1550 tons of cargo and 5 ships left loading 1020 tons of cargo and carrying 250 passengers. Of the less frequent flags seen here last month were each one arrival of a ship from Egypt, Honduras and Siam. The arrival of a Siamese ship may herald more activity on the part of the Thai government and private interests in Bangkok in the shipping business connecting Hongkong with Thailand.

averages of 1947 and 1948 are impressive indeed, amounting to 44.18% and 32.41% respectively for the two preceding years. That Hongkong's trade, in spite of official warnings and some

private merchants' commiserations, has developed this year from strength to strength is amply proved by the record shipping returns and the figures for commercial cargo loaded and discharged.

River shipping: British ships continue to dominate as usual. More Portuguese boats have started to call here but their number and cargo and passenger business is still very small. Chinese river ships, plying between here and Canton, West River ports and the Portuguese Colony, have put in a more frequent appearance which is also due to the political conditions in the North which have made impossible for many Chinese shippers to engage in business along China's inland rivers under Communist control. The number of ships in river shipping is larger than the traffic requires with subsequent underbidding of rates and much empty cargo space regularly observed.

Aviation Notes

Holiday Air Service

The very successful holiday planes inaugurated last year, are being extended this year and it is anticipated that approximately some 60 children will be able to spend their summer holidays with their parents in Hongkong. Furthermore, heavy reductions have been made in the fares making it still more possible for parents to take advantage of the offer made by both the B.O.A.C. and Braathens.

The B.O.A.C. which has long since been regarded as a popular and definite link with the home country, is charging only £157.10 for the round trip as against £315 last year. Children will board the plane at Southampton, while the Braathens passengers will pick up their airline at Amsterdam. The first B.O.A.C. aircraft will arrive July 28, closely followed by arrivals on July 31 and August 4. The return trip will be made in the early part of September in time for school opening.

Kai Tak Runways.

Work is at present being undertaken in the reconstruction of the two runways at Kai Tak airfield which are in a deteriorating condition. It is hoped to complete the repairs in about ten weeks, but whether it will then be found possible to operate heavier aircraft such as the DC-6 or the Constellation is not yet known; at present air traffic on the field is limited to aircraft not exceeding the maximum weight of 70,000 pounds, which is below the standard set up by the International Civil Aviation Organisation. This notwithstanding, the airport has handled traffic up to two-thirds the amount of the London Airport, which is considerably larger and better constructed, and also deals with three times as much work as Singapore with two airports available there for operation.

Airbus Service.

A new airbus service has been inaugurated by CNAC between Hongkong and Canton to take care of the increasing traffic between the two cities. The daily schedule is Hongkong-Canton 1.30 p.m., 3.30 p.m., 5.30

Hongkong's Harbour Facilities, Shipping Companies, Wharves & Godowns, Dockyards & Shipbuilders

Hongkong Harbour Facilities

Hongkong possesses the finest developed harbour on the East Coast of Asia. Lying between the island of Hongkong and the mainland of Asia, it affords a safe anchorage for vessels at all times. It is 10 miles long and varies from $\frac{3}{4}$ of a mile to $1\frac{1}{2}$ mile wide. Vessels can enter the harbour drawing up to 32 and 24 feet by the Eastern and Western Entrances respectively at L.W.O.S.T. Vessels can berth at main wharves drawing up to 31 feet at L.W. Licensed Pilots are available to meet vessels at either entrance on request. Current fees are \$50—in or out—and \$30 for a shift within the harbour limits.

In 1948, the port handled approximately 17 million tons of river and ocean shipping and 2.5 million tons of trading junks in foreign traffic. The number of passengers handled was over $1\frac{1}{2}$ million. The returns for the current year will show considerable increases as is already apparent from the figures of the first six months of 1949 published in the present issue.

Ships may berth at the various wharves along its waterfront or moor at the many buoys in the harbour. The harbour has a depth ranging from 24 to 78 feet M.L.W.S.T. The rise of the tide is about 7 feet O.S.T. All the commercial buoys in the harbour are owned by the Government. There are at present 39 in all, 16 "A" class for ships from 450 to 600 feet in length; 23 "B" class for ships from 300 to 450 feet in length. The charges are \$24—and \$18—per day respectively. Ample bunkering facilities are provided by private stocks of coal. The average stocks of fuel oils for commercial bunkering is

approximately 70,000 tons. One oil company has berthing facilities for two vessels and another company for one vessel alongside the oil installation, with a water depth of 28 feet and 23 feet L.W.O.S.T. respectively. Delivery can be given up to 600 tons an hour from the wharf and 250 tons an hour from lighters.

A waterboat company drawing water from Government reservoirs has a fleet of 8 vessels, and there are three other smaller companies operating five vessels, carrying from 200 to 270 tons each.

There are no tonnage dues, but the Government imposes light dues of 5 cents per ton on all ocean ships, and 2 cents per ton on all river steamers which enter the waters of the Colony. The charges for permission for ships of 400 to 5,000 tons and over to work cargo on Sunday are as follows:—From midnight to 6 a.m. \$25 to \$87.50; 6 a.m. to 6 p.m. \$50 to 175.00; 6 p.m. to midnight \$25 to 87.50.

A large number of motor boats, steam launches, and sampans are available for communication between ships and buoys and the shore. A frequent service of ferry launches is maintained between Hongkong island and all parts of the mainland, and also a vehicular ferry service between Hongkong and Kowloon.

Cable and Wireless, Ltd., maintain a commercial wireless telegraph station at Cape D'Aguilar which has an average day range of 500 miles and a night range of 1,500 miles. Continuous watch is kept.

Ships' watchmen may be obtained through the Water Police at \$1 per hour.

p.m., Canton-Hongkong 2.30 p.m., 4.30 p.m., 6.30 p.m. The airbus, a converted C.47, will seat 32 passengers and provides racks for their hand luggage. Seats do not have to be reserved in advance, tickets can be taken at the airport before departure. The trip takes 30 minutes.

Hongkong Airways

Also to cope with increasing traffic between Hongkong and Canton, the Hongkong Airways now runs six services daily to Canton and return; the single fare is \$40 and return \$72.

The first accident of its kind to occur at Kai Tak airport and the first to be suffered by Hongkong Airways, which has an operating record of more than 4,500 flights, took place on July 12 when one of their planes, a C-47, with ten passengers bound for Canton rolled off the runway at Kai Tak into the sea, after failing to rise upon clearing three-fifths of the strip. According to a report issued by the Hongkong Airways, the captain discovered a fault in the hydraulic system, and in an effort to avert an accident swerved the plane round near

the end of the runway: its path was, however, blocked by a CNAC Skymaster and in turning the plane fell over the edge of the field. Rescue craft of the Civil Aviation as well as of the Royal Air Force were on the scene immediately, and fortunately beyond some minor bruises none of the passengers were injured.

Qantas Air Lines.

The successful flight of the newly inaugurated Qantas air line between Hongkong and Sydney, Australia, has brought into active service a regular fortnightly flight by way of Labuan (British North Borneo) and Darwin. Fares are considerably cheaper than by the old route via Manila: from Hongkong to Sydney costs £128 as compared with the former price of £150. Hongkong/Darwin costs £88, HK/Labuan £38, Labuan/Sydney £98, Labuan/Darwin £52. Cargo rates are: HK/Sydney 14s.10d, HK/Darwin 10s.2d, HK/Labuan 4s.10d, Labuan/Sydney 12s.2d, Labuan/Darwin 6s.10d. The time taken will be 29 hours from Hongkong to Sydney. Planes, Skymasters, will seat 44.

Fresh Water: There is normally a plentiful supply of water from self-propelled barges at \$1.70 per ton. Shore hydrants when available charge \$1.70 per ton at Kowloon Godowns and \$1 per ton at Holt's Wharf.

Launch Hire:—A typical charge by local shipping agents for a launch to serve a vessel under their agency is \$15 per hour.

Bunkers:—Coal is not in great supply and Government controlled. Usually enough may be obtained to reach the next port at which bunkers are available. Cost: Indian \$110, South African \$108, Japanese \$95, Samarinda \$110 and Russian \$130 per ton T.I.B. Furnace fuel is easily obtainable at \$185 per ton. Diesel Oil is obtainable at Heavy \$220 per ton, Medium \$242. High speed \$245.

Tugs:—Rock Class tugs 1,000 H.P.—\$200 first hour, \$150 an extra hour or part thereof. Empire Class tugs 750 H.P.—\$160 first hour, \$120 an extra hour or part. T.I.D. tugs 220 H.P.—\$100 first hour, \$75 an extra hour or part.

Shipping Freight Conferences and Freight Rates

Hongkong is one of the major ports of the world. To it, come ships of every flag and of every size, and from its ships sail to all the four corners of the earth. Hongkong is the chief transhipment centre of the Far East to which products of all neighbouring countries are brought in coasters, small motor-ships, and junks, to be transferred to the large freight and passenger liners for the countries of other continents. In Hongkong the manufactured products of America and Western Europe are discharged into countess smaller vessels which take them into the homes of the Asian people. Hongkong has an enviable reputation in the speed with which boats are loaded and discharged and comparative figures show that Hongkong leads Great Britain, America, and Australia in this respect.

There are eleven Shipping Freight Conferences in Hongkong:—

1. Far Eastern Freight Conference—for destinations in Europe, Black Sea Ports, and Mediterranean ports of Africa with 13 participating shipping lines, as follows:—American President Lines; Ben Line Steamers; Chargeurs Reunis; China Mutual Steam Navigation Co.; East Asiatic Co.; Ellerman and Bucknall Steamship Co.; Glen Line; Holland Oost Azie Lijn; Compagnie des Messageries Maritimes; Ocean Steamship Co.; P. and O. Steam Navigation Co.; Swedish East Asiatic Co. of Gothenburg; and Wilhelm Wilhelmsen.

2. Trans-Pacific Freight Conference—for destinations San Francisco Long Beach and Los Angeles, California; Vancouver and Victoria, British Columbia; Seattle and Tacoma, Washington; Portland, Oregon; Honolulu, Hawaii; and overland points in Canada, the U.S. via above-mentioned ports with 18 shipping Companies:—American Mail Line; American President Lines; Barber Wilhelmsen Line; Canadian Pacific Steamship; East Asiatic Co.; Ivaran Lines; Isthmian Steamship

Co.; Klaveness Line; Maersk Line; Madrigal Line; Pacific Far East Line; Pacific Orient Express Line; Pacific Transport Line; Prince Line; Salen-Skaugen Line; Stan Line; De La Rama Lines; Western Canada Steamships.

3. Hongkong-Philippines Freight Conference—for destination Manila with 2nd shipping Companies:—American Mail Line; American Pioneer Line; American President Lines; Australia China Line; Bank Line; Canadian Pacific S.S.; De La Rama S.S. Co.; Everett S.S. Co.; East Asiatic Co.; Holland Oost Aziatische Lijn; Indo China S.N. Co.; Ivaran Line; Maersk Line; Pacific Far East Line; Pacific Orient Express Line; Pacific Transport Line; Prince Line; Royal Intercean Lines; Salen-Skaugen Line; Silver Line; Stan Line; Waterman S.S. Co.; Wilhelm Wilhelmsen.

4. Hongkong-Panama Freight Conference—for Panama, with nine carriers:—American Pioneer Line; American Mail Line; American President Lines; Barber Wilhelmsen Line; De La Rama Line; Maersk Line; Prince Line; Pacific Far East Line; Salen-Skaugen Line.

5. Hongkong-Caribbean Sea Ports Freight Conference—for destinations of Caribbean Sea ports with 11 Shipping Companies:—American Pioneer Line; American President Line; Barber Wilhelmsen Line; Bank Line; Blue Funnel Line; Canadian Pacific S.S. Co.; De La Rama Line; Silver Line; Klaveness Line; Maersk Line Prince Line.

6. Hongkong-Australian Freight Conference—for destinations of Australian ports with four lines:—Eastern and Australian S.S. Co.; Australia China Line; Australia Oriental Line; Burns, Philp & Co.

7. New York Freight Conference—for destinations of American Atlantic and Gulf ports, via Suez Canal for Panama Canal or Cape of Good Hope with 18 Shipping lines:—American and Manchurian Line; Isthmian Steamship Co.; American Pioneer Line; Ivaran Lines Far East Service; American President Lines; Lykes Bros. Steamship Co.; Bank Line; Maersk Line; Barber Wilhelmsen Line; Prince Line; Blue Funnel Line; Salen Skaugen Line; Stern Line; Silver Line; De La Rama Lines; States Marine Corporation; Castle Line; Waterman Steamship Corp.

8. Hongkong-Rangoon Freight Conference—for Rangoon with four lines:—British India S.N. Co.; China Siam Line; Ho Hong Steamship Co.; Indo China S.N. Co.

9. Hongkong-Straits Freight Conference.

10. Hongkong-Calcutta Freight Conference.

11. Japan Co-ordinating Committee.

Hongkong Freight Rates for European Ports

Rates (minimum) are charged either per measurement ton of 40 cubic feet, or per weight ton of 2-hundredweight (cwt.), or *ad valorem*. Except for net rates which are in force with regard to a few commodities, all gross tariff rates are subject to a 10 per cent. rebate if made on contract (deferred rebate system) or otherwise to a 9½% cash discount.

All lines accept forward booking of freight. Shippers either prepay freight or it is paid at destination with the exception of oil in bulk and of cargo to France, Italy, Spain, North Africa, and South America when freight has to be prepaid in Hongkong. Oil in bulk is subject to an additional fee and freight is calculated at the rate of 20 cwt. (112 lbs. or 50.8 kgs.) per ton.

Shipped Bills of Lading are only signed after goods have been loaded and against exchange for Mate's Receipt; no B/L are predicated. Minimum Freight Rates per Bill of Lading to a direct European port £3, to a North African port £4, for transhipment port in Europe £5 (all rates subject to rebate).

Basic Rates on Commercial Cargo for Shipment from Hongkong

The letter "M" stands for measurement ton, the letter "W" for a ton of 20 cwt. shipped.

A number of European ports charge some additional rates per ton, e.g. Alexandria 25/- for general cargo, Copenhagen 10/-, Istanbul 16/-, Trieste 30/- for general cargo.

Rates in English shilling per M. or W.—

Agar-agar 217/6 M., aniseed, in cases 200/- M., antimony regulus and crude 130/- W.

Bamboo baskets 132/- M., bamboo poles 424/6 W., bamboo ware 163/- M., blackwood ware 204/- M., bristle 75/- M.W., buttons 195/- M.

Camphor 203/- or 3% *ad valorem*, camphorwood trunks 198/- M., canes with roots (without roots) 484/6 W., canned foodstuffs 132/- M., cassia lignoia, in bales or cases 110/- M.

China clay 75/- W., China grass (ramie) 120/- M., chinaware (porcelain) 204/- M., copra in bags or bulk 150/- W.

Cotton goods and piecegood 143/- M., cassia lignoia, in bales or cases 110/- M. or 3% *ad valorem*.

Feathers, in bales, 300/- M., in cases 325/-, firecrackers 300/- M., flasks, vacuum or thermos 120/- M., furniture, rattan or seagrass 116/- M.

Gallnuts in cases 140/- M., ginger, in cases or casks, 115/- M., in bags 240/- W. Gunny bags 119/- M.

Human hair 350/- M., goat hair 198/- M., hats rush 198/-, straw 179/6 M., hides 440/- W.

Intestines 290/- M., jute raw 110/- M.

Knitted goods 198/- M.

Lamps and lanterns 145/-, lanterns (wood) 198/- M., linen goods 240/- M., plus 2% *ad valorem*.

Mats and matting 90/- M., menthol 375/- M. or 3% *ad valorem*, motor cars up to 2 tons, packed, 115/- W.M. Needles, sewing 195/- or 3% *ad valorem*.

Oils:—Coconut 100/- W., rapeseed 175/- M., sesamum seed 175/- M., tea-seed 155/- M., tung or wood 214/- M., oils in bulk (per 20 cwt.) coconut 127/6, rapeseed 155/-, teaseed 144/-, tung 214/-.

Ores:—per W., antimony 105/-, iron 90/-, wolfram 160/-.

Paints 179/6 M., paper in bales and reels 155/- W., pepper 226/- W.

Rattan core and peek (in wrapped bales) 400/- W., rattanware 137/- M., rayon goods and piecegoods 195/- or 3% *ad valorem* rubber 108/- M., rubber shoes 152/6 M.

Silk 53/- per cwt. to London and Mediterranean ports, 70/- to Alexandria, different rates to N. European ports.

Tea and tea dust in cases, boxes, chests 140/- M., tin ingots 225/- M., wool 198/- M., etc., etc.

Valuable cargo pays 3% *ad valorem*.

Wharf and Godown Companies

HONGKONG & KOWLOON WHARF & GODOWN COMPANY

There are three large Wharf and Godown Companies in Hongkong. The oldest and largest of these, the Hongkong & Kowloon Wharf & Godown Company, Limited, operates over 100 godowns and provides storage space for approximately 750,000 measurement tons of cargo, with berths for ten ocean-going vessels and one coastal vessel. There are 10 deep water berths available for vessels up to 750 feet length. The construction of a new wharf is about to be completed. The Company also operates a fleet of well equipped lighters, with a capacity of 7,000 tons, which, with a fleet of eight fast motor launches, effect discharge of vessels at the buoys and rapid transhipment of cargo.

For internal security and prevention of cargo thefts and pilferage the Company maintains its own Wharf Police Force of eight European and 120 Asiatic police.

The Wharf frontage of the Company's main property at Kowloon Point is served throughout by electric Gantry Cranes; the modern reinforced concrete Storage Godowns are equipped with electric wall cranes, hoists and cargo lifts, and a light railway system throughout the property, together with mobile equipment and conveyors, ensures rapid movement of cargo. A Treasure Room is provided, capable of storing 300 tons of bullion or other valuable cargo, and facilities for the storage of Dangerous Goods. Timber in logs and other special cargo are also provided. Transit sheds designed to give the maximum light and sorting space facilitates vessels' discharge, and a rate of discharge of 15 tons per gang hour is regularly attained. Modern fire prevention equipment, including sprinkler systems is installed, and the Company maintains its own Wharf Fire Brigade and is in immediate contact with the Government Fire Brigade.

During the year 1947 the Company handled 700 vessels and over 1,500,000 tons of cargo. The results of working for 1949 will greatly exceed these figures.

A railway siding connects the Company's main premises with the Kowloon Canton Railway, which will facilitate movement of merchandise direct to all parts of China when the railway system in China is again placed on a working basis.

The Company maintains and houses a permanent labour force of 1,000 trained Wharf Coolies, who are available day and night for work at short notice.

HOLT'S WHARF

Owned by Messrs. Alfred Holt & Company, this Company has a frontage of 1,600 feet, with two wharves capable of berthing ocean-going vessels up to 15,000 tons. Storage accommodation comprises five, four and two storey warehouses with a capacity of 26,343 measurement tons. Minimum draft alongside is 31 ft. L.W.O.S.T. The Kowloon-Canton Railway runs alongside the Company's premises, and gross load of 11 tons per axle can be landed to railway trucks berthed alongside. The warehouses are fitted with electric lifts. There are three cranes working the wharves for loading and unloading lighters. These are of the steam locomotive gantry type with a lifting capacity of two to five tons, and two mobile Ransome Rapier cranes, with two to three tons capacity each, are used for stacking, loading trucks, etc.

Scale of Charges as applied by the Hongkong and Kowloon Wharf and Godown Co., Ltd., and Holt's Wharf

These Companies operate under a published tariff, covering all operations connected with the handling of vessels and cargo. The tariff is too comprehensive but the following charges are examples:—

Berthing Fee—Including launch running lines, berthing gang, services of Wharf Boatswain and Wharf Superintendent—\$300 for each time a vessel is berthed. Unberthing is included in this fee. Wharfage—\$500 per day, or part thereof, of vessel's stay alongside. A day ends at midnight. Vessel's discharge—Working hours of the Port are 8 a.m. to noon and 1 p.m. to 5 p.m. The following additional charges are made for work outside these hours:—Meal hours—\$100 per gang per hour. Night work—6 p.m. to 11 p.m. \$75 per gang. Midnight to 6 a.m. \$150 per gang. Sunday work—Between 8 a.m. and 5 p.m. \$45 per gang.

Landing charges—Include receiving, sorting, stacking, seven days free storage and delivery to door of transit shed and are payable by consignee. The charge varies according to commodities. The following examples are extracted from the tariff:—Automobiles per ton of 40 cu. ft. \$6.07, Cement per cask of 400 lbs. \$1.40, Steel angles, girders per 20 cwt. \$8.40, Lumber per 40 cu. ft. \$7.23, Machinery per 20 cwt. \$9.80, Matches per case not exceeding 6 cu. ft. \$0.51, Milk (Condensed) per 40 cu. ft. \$6.53, Newspapers (Old) per bale not exceeding 280 lbs. \$1.12, Paper in pressed bales—per bale not exceeding 500 lbs. \$1.63, Perfumery, Toilet Soaps, etc. per 40 cu. ft. \$8.40, Piecegoods, per 40 cu. ft. \$4.67, Potatoes per 40 cu. ft. \$5.60, Sulphate of Ammonia per 20 cwt. \$7.00, Tobacco hogsheads, each \$12.36, and Wines and Spirits (bottled) per case \$0.56.

Lighter Hire—Lighters supplied for the discharge of vessels at buoys, or to assist discharge at wharf, are charged at the following rates per day:—

tons \$60, 75 tons \$80, 100 tons \$80, 120 tons \$100, 200 tons \$180, and 250 tons \$160.

CHINA PROVIDENT LOAN AND MORTGAGE CO. LTD.

The Company's storage capacity is 110,000 tons, which include specially constructed low flash point liquid premises, dangerous goods stores, bonded warehouses and open storage of about 50,000 square feet; of the existing 110,000 tons, 100,000 are used for storage and 10,000 for transit cargo. The Company plans to increase its storing capacity to 250,000 tons and transit space to 25,000 tons. Plans are underway for a modern pier with 1,745' quayage capable of providing berths for ocean-going steamers not exceeding 30' draught. The projected wharf will be erected at West Point, and will be fitted with transit sheds, cold store, passenger facilities and mechanical means of cargo handling. When it is built, Hongkong will be in a position to offer combined wharf-godown facilities both on the island and mainland.

NORTH POINT WHARVES, LTD.

This Company has recently been incorporated to develop a property in the growing industrial district of North Point, having a properly constructed wharf wall 1,220' long with 30' water at low tide. Work has been completed on four large transit sheds. The development of this site will result in modern transit sheds, multi-storied warehouses, open storage and dangerous goods stores. It is proposed to install electric wharf cranes, including one 20-ton crane, and mechanical handling gear.

SERVICES BY GODOWN AND DOCK COMPANIES

There are several established and efficient Stevedoring Contractors in the Port, who can also supply lighters or junks for the transport of goods. Stevedoring charges range from \$3 per ton inclusive. Rate of discharge on general cargo is approximately 15 tons per gang hour over all.

Vessels requiring to work on Sundays must obtain Sunday Cargo Working Permits from the Marine Department, for which special fees are charged.

Heavy lifts are generally discharged overside to Lighter by ship's gear. Lifts up to 15 tons can be landed from lighters by shore gear to the wharf. For lifts exceeding this, or beyond the capacity of ship's gear, the Hongkong & Whampoa Dock Co., Ltd. have an electric cantilever crane. This crane is mounted on a wharf capable of accommodating ships up 600 feet in length and the minimum depth of water at zero tide level is 35 feet.

Besides the large Dockyards, there are a number of reliable firms who contract for ships chipping, scraping, and cleaning, etc., of hull, cargo and fuel tanks. Their charges vary. Extract of prices:—Chipping, scraping, wire brushing and one coat of paint \$28.00 per 100 sq. ft. Patching and applying one coat paint on deckhouse and deckheads \$2.20 per 100 sq. ft.

Chipping, scraping, brushing and cement washing peak and D.B. water tanks \$13.00 per ton. Cleaning for survey D.B. fuel, settling and lub oil tanks \$5.00 per ton. Cargo tanks, cleaning for survey oiling one coat \$6.00 per ton. Chipping, scraping, brushing and applying one coat paint lower holds and tween decks \$4.00 per ton. All paints supplied by ship.

Measuring & Weighing—The Sworn Measures, organised by the Far Eastern Freight Conference, are available for measuring and/or weighing cargo both inwards, and outwards, and their services for compilation of freight are invariably used for export by all Conference and Coast Lines. They also issue Certificates to merchants for banking and selling purposes, whilst almost all bulk cargo are dealt with by this organisation.

The principal surveyors of cargo are Carmichael and Clarke and Goddard and Douglas. Charges are based on the amount of work done.

Dockyards and Shipbuilders

TAIKOO DOCKYARD AND ENGINEERING CO. OF HONGKONG, LTD.

The Taikoo Dockyard and Engineering Co. are Ship and Engine Builders and Repairers; their Shops, Dock, Slipways and Building Berths covering an area of approximately 60 acres. Workshops are fully equipped for the Building and Repairing of Reciprocating, Turbine and Diesel Machinery and Licences are held for the building of Taikoo-Sulzer and Taikoo-Doxford Diesel Engines and for Brown Curtis and Parsons Turbines.

The dimensions of the dry dock are:—Extreme length 787' 0", Length of blocks 750' 0", Height of blocks 4' 6", Entrance top 93' 5", Entrance bottom 88' 7", Depth of water over sill H.W.O.S.T. 34' 6"; sill is in line with top of blocks.

In addition there are three slipways with the following capacities:—

	No. 1	No. 2	No. 3
Maximum length of vessel	340'	430'	310'
Maximum displacement tonnage	3,000 tons	4,000 tons	2,000 tons

Slipways are served by Steam Travelling Cranes lifting up to 10 tons and a 15-ton High Gantry Electric Crane.

There are five Building Berths of which three are capable of taking ships 500 ft. long and two capable of taking ships 350 ft. long. These berths are served by 10-ton Electric Gantry Cranes. The Engine Shops are equipped to build Reciprocating, Turbine and Diesel Machinery.

Iron and non-ferrous castings, up to 25 tons, can be made. All types of heavy and light forgings can be supplied.

Electrical Shops are equipped to carry out installation and repair of marine electrical machinery of any size and electrical instruments of all descriptions. Current available for ships at 110 volts and 250 volts D.C., and 200 volts, 350 volts and 400 volts A.C. Machine Shops have modern machine tools capable of handling all classes of

heavy and precision work, including balancing of turbine rotors up to 7 tons weight. Boiler Shop has all necessary plant for carrying out extensive repairs to Scotch and water type boilers and building of Scotch boiler of the largest size. Welding Department. All classes of electric arc and oxy-acetylene welding, refrigerating pipes, etc., and steam and water piping work of all descriptions in steel or copper are carried out by this department. Galvanizing. Tanks, containers, pipes, etc., can be galvanized by the hot process or sand blasted and metal sprayed by the powder process.

Cranes and Lifting Appliances. There are one 30-ton, one 25-ton, and one 10-ton high gantry, electric travelling cranes in commission serving seawall and drydock. One crane barge is available with sheerlegs lifting 25 tons. All workshops are fitted with overhead cranes with capacities ranging from 5 tons to 100 tons. A large force of skilled artisans controlled by European supervisors is always available and considerable stocks of all types of marine and engine requirement on hand. Berthing facilities are available for the largest vessels.

BAILEY'S DOCKYARD

This Yard is equipped with three electrically operated slipways able to take vessels up to 1,000 tons at any state of the tide. The Yard undertakes most types of construction, repair work, weldings, castings and forgings. During 1948 it was fully engaged and over 75 vessels were slipped.

HONGKONG AND WHAMPOA DOCK CO., LTD.

This Company operates three establishments, two on the mainland and one at Aberdeen, Hongkong. The head offices and principal yards and works are at Hunghom, Kowloon, and consist of three dry docks, two slipways, seven building berths and corresponding machine and erection shops etc. Particulars as under:—

		Maximum Sizes of Vessel Accommodated			
No. 1 Dock, Kowloon	678'-0"	×	86'-0"	×	28'-6" 28,000 tons
No. 2 "	445'-0"	×	57'-0"	×	17'-10" 9,000 "
No. 3 "	265'-0"	×	38'-0"	×	13'-6" 2,800 "
Cosmopolitan Dock	459'-0"	×	57'-0"	×	20'-9" 11,000 "
Hope Dock, Aberdeen	430'-0"	×	46'-0"	×	21'-6" 8,500 "
Lamont Dock, "		Under repair			
Slipways					
No. 1 Slip, Kowloon	240'-0"	×	60'-0"		1,200 "
No. 3 "	75'-0"	×	40'-0"		60 "

Building Berths at Kowloon Docks:—
No. 1 Berth, 400'-0" No. 2 Berth, 500'-0"
No. 3 Berth, 450'-0" No. 4 Berth, 450'-0"
No. 5 Berth, 430'-0" No. 6 Berth 700'-0"
No. 7 Berth, 700'-0".

Sea Frontage at Kowloon Docks 3,000 ft

Cranes 100 ton Hammerhead, 40 ton Travelling, No. 1 Dock, 40 ton Travelling, No. 2 Dock, etc.

Other facilities:—Steel foundry (up to 6 ton castings) iron and brass found

Review of the Manufacturing Industries of Indochina

Industrial production in Indochina showed an appreciable improvement in 1948, mainly in the cement, coal, alcohol and tobacco industries. The equipment and reconstruction work of the main industries continued throughout the year, in spite of difficulties caused by the activities of armed bands. This development, added to the progressive reestablishment of security, mainly in the industrial area of Northern Indochina, permits to foresee another increase of production in 1949.

Coal

The Societe des Charbonnages of Tonking continued during 1948 the implementation of its plan of increased exploitation, as well as its modernization programme for general equipment and for mechanization of the works. The main item of this programme, the supply of equipment for the exploitation of surface mines at Camphu is underway. Part of the excavators and special trucks ordered in the United States have been received and are at work. However, the activity of the company was greatly handicapped during the year by the lack of local manpower and the difficulties of supply. Moreover, heavy summer rains and the appearance of a typhoon over Tonking handicapped the extraction of coal for several weeks. As a result, production could not reach in 1948 the estimated figures which had been calculated from the progress made in the last months of 1947.

However, net production shows an increase in comparison with 1947. It reached the figures of 339,000 tons of anthracite against 250,000 tons in 1947, 261,000 tons in 1946 and 2,335,000 tons in 1938.

The estimated coal production in 1949, based upon the production figures for the last two months of 1948 and upon the increase to be expected from the improvement of the equipment, may be set at 420,000 gross tons.

It should be noted that the work effected during 1948 for the rehabilitation of the Societe des Charbonnages of Dong-Trieu would make possible to-

wards the end of 1949 a progressive resumption of extraction, in spite of considerable damages. As far as other small mines at the Along Bay are concerned, their activity has been resumed on a restricted scale. Their production during the first half of 1948 amounted to 5,000 tons; the total production of these mines during the year may be estimated at 20,000 tons; which would increase to 55,000 tons the total coal production of Indochina during 1948.

Salt

Salt production in 1948 reached a total of 64,090 tons and was divided as follows:—South Annam: Cana 19,540 tons, Honecohe 38,100, Other salt-works 2,391; Cochinchina: Bachieu 2,975 tons, and Baria 1,124.

An increase of 22,524 tons was therefore obtained, in comparison with the production of 41,566 tons in 1947. The improvement of production occurred solely in South Annam.

Cement

During the first half of 1948, the cement factories of Tonking had to face numerous difficulties which slowed down the regular progress of production made during the period from June 1947 to January 1948. From February 1948, the Central Thermal Power Plant of the cement factory of Haiphong had to undergo repairs and it was only in the middle of the year that the required power for a monthly production of 10,000 tons of cement could be generated. On the other hand, attacks by the rebels around the lime quarries and the destruction of junks have handicapped supplies for a short period.

In spite of such delays, the production of cement in 1948 shows an increase in comparison with 1947. It reached 97,300 tons, as compared with 40,000 and 32,000 tons in 1947 and 1946 respectively. These figures are still far below the pre-war level, when yearly production was at 266,000 tons. A new increase of production may be foreseen in 1949, as a result of which the monthly average may surpass 12,000 tons.

Glass Making

The Societe des Verreries d'Extreme-Orient at Haiphong, which had suspended production since 1943, resumed operations in November, following the rehabilitation of its partially destroyed installations. In December, production figures reached 400,000 bottles, or 50% of pre-war production.

Soap Making

Due to satisfactory supplies of raw materials during the year, the development of the soap industry continued in 1948. The production of laundry soap reached 5,000 tons, as compared with 4,270 tons in 1947 and 1,267 tons in 1946. An important increase in production of toilet soap should be pointed out; it topped 840 tons in 1948, as compared with 270 tons in 1947. This is mainly due to higher grading which made it possible for Indochinese toilet soap to compete with the imported ones.

ries, forge (up to 20 tons), heavy machine shop (50 ton crane), boiler shop, welding plant for all purposes including repairs to all-welded hulls and to ships afloat, electrical repairs of all types, electric wiring, hot galvanized plants, coppersmiths and plumbers shops, stores, towage and salvage services. An electric cantilever crane with lifting capacity from 10 tons to 100 tons.

Tobacco

Cigarette production increased in 1948: 3,574 tons of tobacco were treated during the year, as compared with 2,380 tons in 1947 and 770 tons in 1946. A better supply of local tobacco may be foreseen in 1949 as a result of the rehabilitation of crops carried out during the last two years.

Alcohol

Present production is still far from reaching pre-war figures of 220,000 hl. (hectolitres) yearly. However, there was a definite increase in 1948 against the preceding year. Production of alcohol in Cochinchina reached 59,294 hl. as against 42,911 hl. in 1947. In Cambodia, the increase of production was more important; 71,720 hl. against 50,707 hl. in 1947.

Sugar Refining

The refinery of Hiep-Hoa is the only one now in operation, out of the three opened before the war. Following considerable damage caused to the plants as well as to the crops, the production of high grade sugar in this refinery fell from 15,700 tons before the war to 600 in 1946 and 570 tons in 1947. During 1948, production was increased to 900 tons. The production of brown sugar, made in villages, was also developed; in 1948, production subject to taxation was estimated at 15,000 tons against 13,400 in 1947.

Breweries and Ice Plants

The production of breweries and ice plants showed a great increase over that of the previous year, mainly as far as beer is concerned. The latter production was 183,400 hl. for the whole of Indochina, as against 122,600 hl. in 1947. Ice production increased to 77,500 tons, as compared with the 1947 figures of under 50,000 tons.

The production of aerated water showed only a slight improvement over the previous year—44,000 hl., as against 40,000 in 1947.

Spinning

The production of cotton thread and yarn of the spinning mills before the war 10,000 tons. The local production of textiles of all kinds could be estimated at 11,500 tons, 9,500 of which were made in the villages. Little information is now available regarding present village production. As regards industrial production, the Societe Cotonniere du Tonkin was able to renew operations in 1948 of its spinning and weaving factory at Namdinh. Its activities are still greatly restricted mainly as a result of a lack of skilled labour. By the end of the year, the monthly production of spinning mills, progressing regularly, yet remained at about 75 tons of yarn, or one-twelfth of pre-war production.

As regard weaving, production figures were 410 tons of textiles and 20,000 blankets or one-fifth of the pre-war production. On the other hand, the production of the spinning mills in Haiphong reached 145 tons of yarn in 1948, out of which 24 tons of yarn No. 28 were made into sewing thread. Of the remaining production, or 120 tons

Economic Reports from Thailand**Trade for first quarter 1949**

During the first three months of this year, Thailand exported 205,385.753 baht more of goods than she imported. Exports totalled 699,538,011 baht and imports 494,152,258 baht.

In January, exports totalled 192,537.764 baht and imports 173,124,838 baht. In February exports totalled 276,234.827 baht and imports 130,178,235 baht. In March, exports totalled 230,765.420 and imports 190,849,185 baht.

The export list for the first quarter is topped by rice. Altogether 505,756,493 baht worth of rice was exported within the period. Rubber is second with 46,950,791 baht.

A total 24,489,743 baht worth of teak, 8,010,215 of other wood, 1,488,700 of tin ore and 5,192,400 of tin metal, were exported. Other goods aggregated 98,123,661 baht and re-exports 9,526,006 baht.

of yarn No. 20, 7 tons were woven by the mills and 112 were supplied to the village industry.

Mechanical Industries

The workshops and mechanical industries, directed mainly towards maintenance work, were slowed up in 1948 as a result of the shortage of raw materials, as well as of skill labour. However, an increase of 20% of the number of employed workers should be noted. During the year several companies merged into a single one with Saigon and Haiphong as the main centres of activity, which led to an increase of means of production and of output.

Work was carried out mostly on repairs for main firms or companies as well as for the rehabilitation of plantation equipment. Motor tanks (reservoirs) were assembled and equipped.

On the whole, the activities of these workshops were temporarily limited to Saigon, as the shortage of labour in Haiphong slowed down the resumption of work.

Other Industries

Among other industries, the production of oxygen, acetylene and carbon dioxide should be mentioned. Renewed production in Haiphong during 1948 ensured a normal supply of these products to Tonking. Figures of production in Cochinchina as compared to those of 1947, are as follows:

	1947	1948
Oxygen (m3)	164,800	219,500
Acetylene (m3)	93,100	105,300
Carbon dioxide (Kg)	7,285	47,000

Finally, following the improvement of cement and timber supplies, significant renewal of activity may be noted during the past year in urban centres and mainly in Saigon as far as private and public building industries are concerned. The following table shows the number of new buildings in 1948:

	1948	Saigon-Cholon
Two storied houses	23	2
One storied houses	104	19
Apartment houses	89	46
One-floor apartment houses	89	219
Wooden and tiled houses	298	165

Imports included 454,074,850 baht of general merchandise and 4,336,901 of beer, wine and spirits. Government imports totalled 35,740,507 baht.

During the same period last year, exports totalled 414,906,158 baht and imports 311,577,531 baht.

Tin Mining Output

For the first time since the war, Thailand's tin mines produced more than 1,000 tons of ore in May when tin ore production exceeded 1,012 tons. Increased resumption of mining operations has boosted the number of employed in South Thailand. There were 10,000 engaged in tin mines in May compared to 9,000 in April. The biggest advance in production was reported from Phuket which produced 5,115 piculs compared to 2,914 in April. All other tin producing areas also reported production improve-

Since 1946, 1,310 hard material houses and 782 wooden houses were built in the Saigon-Cholon area, or a total of over 2,000. To this figure should be added 176 newly built industrial and commercial premises, 27 garages, as well as 15 cinemas, theatres and pagodas which were also built during the last three years.

Industrial Manpower

In the Saigon-Cholon area, the recruiting of skilled labour has improved noticeably, particularly in the building trade, which made a significant recovery of the latter possible. On account of the gradual return to security in the industrial area of Tonking and also of a sufficient supply of rice, industrial labour recruiting became easier towards the end of 1948. Consequently, coal mines and cement plants in Tonking were able to increase their production considerably. However, there still exists a shortage of skilled labour in the area and conditions are far from what they were before the war.

As regards agricultural labour, conditions are far less satisfactory and the recruiting of agricultural labourers, particularly on the big rubber plantations, hardly improved during 1948. The fact is due to the insecurity still prevailing in provinces removed from the great urban centres, particularly in Cochinchina. While in 1945 the number of labourers working on the main Indochinese plantations reached about 60,000 coolies monthly, in 1947 and 1948 there were no more than 28,000 coolies or 46%. The political situation has not yet made it possible to have recourse to supplementary foreign labour (Chinese, Hindus).

The cost of living which kept rising during 1948, as well as the shortage of labour, brought about a noticeable rise in salaries. The average daily salary of unskilled workers reached 11.27 IC piastres in 1948 in the Saigon-Cholon area while it was only 7.70 IC piastres in 1947 and 6.65 IC piastres in 1938-39.

ment with areas producing less than 50 piculs per month doubling their output. Trang, which produced about 40 piculs in April, had an output exceeding 100 in May.

Approximate production figures for other provinces in May are as follows: Ranong 2,226 piculs, Takuapa 3,838, Phangnga 2,806, Trang 100, Songkhla 340, Nakorn Sritthamaraj 995, Suras thani 612, Chumphon 70, Yala 911.

The tin content in 1,013 tons of ore is estimated at 729 tons. In April, tin ore production was 825 tons of which 549 tons actual tin content.

Including the 729 tons produced in May, the total production of tin-in-ore for the year so far is 2,683 tons.

Skilled labor for tin mines is difficult to find, although wages offered today are much higher than prewar. Most of the laborers are Malays and Chinese. Thai nationals are reported reluctant to work in the mines. The government is now encouraging training of technical personnel for the country's mines. It is subsidizing courses in mining engineering and geology at the Chulalongkorn University. Suspended five years ago, the courses were re-instituted this year.

Tin Price Prospect

The Thai government has received information that important Tin Study Group members do not support a proposal for an international conference to discuss a five year agreement guaranteeing a steady price for tin. Fears are expressed that the world price for tin will be lowered for the second half of the year. The current level of £554 per ton of tin metal has been guaranteed only until the middle of this year. This price—50 percent higher than at the beginning of 1947 and two and a half times the prewar level—came into effect June 1948.

Because of fears of a price drop buyers were purchasing only for shipment before the end of June or mid-July. Talk of a tin price decline follows sharp falls in other metals. The United States is believed to be desiring a tin price cut.

It is opined that the tin price will be reduced in gradual stages. The price rose to its present level in easy instalments, an increase of about £50 in March, 1947, a second increase of about £77 in December, 1947, and a third of about £50 in June, 1948. A drop as big as £100 a ton is not expected because the British Ministry of Supply has much larger tin stocks than before the war and consequently Britain has a strong interest in warding off the impact of a lower price. Besides, Bolivia, a high cost producer, is expected to oppose lower prices. Her position is considered important because the U.S. is determined to keep the Texas Smelter operating and Bolivia is the major supplier of ore to the smelter.

Reports received by the Thai government indicate that ideas initiated at The Hague for an international five year tin agreement have proved abortive, at least for the time being. Earlier this year the Thai government as well as other member governments

received from a working party of the Tin Study Group a draft agreement base on The Hague principles. The governments were asked if they were willing to participate in a world conference to consider acceptance of the agreement. The Thai government submitted its reply in the affirmative. The working party has now reported that the U.S. and other important members do not favor a conference at present because of wide divergence of views concerning price and international control. The agreement would guarantee a steady tin price for the next five years. Thailand submitted the view that the present price should be upheld throughout the period.

Wolfram Ore Output

Thailand's wolfram mines, despite the declining tendency of world price, show rising output. In April production of wolfram ore was 74.9 tons compared to 27 tons in an average prewar month and to the record figure of 190.6 tons achieved in December, 1942. Although it was during the war and under Japanese exploitation that Thailand's wolfram mines attained production records, the figure of last April is higher than the average monthly figure—51 tons—during the war.

Wolfram production has been rising steadily since the beginning of the year. In January production was 65.5 tons, February 41.5 tons, March 71.9 tons, April 74.9 tons.

Wolfram mines in Thailand were first worked in 1937. Production rose steadily until 1941 when it spurted sharply. During the war production was above 1,000 tons a year. The Japanese at that time were attempting to extract much wolfram from Thailand mines. Production figures from 1937 to 1948 are as follows: 99.6 tons in 1937; 272 tons in 1938; 365 tons in 1939; 276 tons in 1940; 873.2 tons in 1941; 1,502.2 tons in 1942; 1,578.9 tons in 1943; 1,031.5 tons in 1944; 418.5 in 1945; 982.3 tons in 1946; 454.1 tons in 1947; 449.4 tons in 1948.

Wolfram mines are situated in South Thailand, mainly in the province of Nakorn Sritthamaraj. Last year wolfram mining was started in Mae Sarlang in Mae Hongson province in North Thailand.

Antimony Output

Antimony production has been rising steadily since the beginning of the year. In January production was 42.5 tons, February 32.2 tons, March 56.7 tons. Mining of antimony started in 1943, when production was 40 tons. In 1944 production was 96 tons, 1948: 181.7 tons. In 1946 there was no production.

Most of the antimony mines are situated in Suras thani province in the south. There are some mines in Phrae and Lampang provinces in the north.

Lead Output

Since its exploitation first began in December last year, Thailand's only lead mine has produced 405 piculs of ore. The mine is situated in Amphur Thern in the northern province of Lampang.

It was by accident that a private company stumbled on to the lead deposits. It had applied to the Mines Department for a lease to mine antimony in the area. When it came across lead deposits it made a new application to mine lead.

Semi-precious Stones

Despite a big drop in world demand for zircons, causing difficulty to small dealers in Bangkok there is still considerable buying of the stones from Indochina for cutting and processing preparatory to selling abroad. Major dealers are hopeful that zircons will be in demand again. In the matter of semi-precious stones like zircons trends are difficult to understand and predict because they are dependent on fashion developments which in turn are subject to human whims. Last year there was a great demand in the United States for blue zircons. Local dealers bought and cut large quantities of blue zircons. Then late in the year the general taste switched to white zircons, leaving small Talat Noi cutters sitting on heaps of unsaleable blue stones. The small dealers were so hard hit that a number of them had to go out of business. They are not regular traders with regular shops. They are families working in their own homes. The art of their trade is handed from father to son. They sell their products to exporters.

Zircon export started declining last December. Export figures for the second half of last year are as follows: July 81,000 carats, August 78,000, September 91,000, October 116,000, November 80,000, December 29,296.

Big dealers, believing that demand will rise again are processing both blue and white zircons. The original color of zircon is dark brown but through steaming processes the stone is turned into either a blue or a white one. Blue zircons are gradually returning to popularity in the United States.

Many zircon dealers also trade in other stones like sapphires demand for which seems to be steady. Most of the zircons cut in Bangkok are from Indochina border states. Stones are also obtainable in Kanchanaburi but they are regarded as of inferior quality. Present world prices for zircons average 40 US cents a carat c.i.f. Exporters have to pay five percent duty while importers in different parts of the world pay varying amounts of import tax. Zircons are also exported from Ceylon but there is world preference for stones cut in Thailand.

Cotton Spinning Mill of Yung family

The Siam Cotton Mills will shortly be floated to operate a new textile factory in Wat Soi-thong. Its capital is not yet known but it has been decided that Thai nationals are to hold 60 percent of the shares and Chinese 40 percent. Representatives of interested Chinese parties were awarded a four-year lease of a section of the Government Weaving Factory at Wat Soi-thong. The contract was signed by the Industry Minister and Mr. K.H. Ho and Mr. T.C. Koo for the Chinese industrialists. The lessees

have to pay a yearly rent of 280,000 baht. The lessees are allowed to construct within the area any additional buildings which are later to become government property.

The lessees are to import 10,000 spindles for the new plant within 18 months. They will make necessary repairs to the government's equipment which they intend to use in their section. The site is also to be insured in the name of the government. The concern can employ aliens as engineers and technicians but must engage Thai for general work.

Chief representative of the Chinese industrialists is Mr. Victor Yung, who is in Hongkong.

Partly in preparation for the new factory and partly to improve the power situation of the government's weaving mills in the area, a generating plant is being constructed at Wat Soi-thong. Construction is expected to be completed before the end of the year. In full operation the plant will be able to generate 1,400 kilowatts. Two generators of 200 kw. each have arrived from abroad while another two 500 kw. capacity sets are due within the next few months.

Concentration of Airlines

The Government favors amalgamation of the three airlines in which it holds shares—the Siamese Airways, the Pacific Overseas Airlines (Siam) and the Trans Asiatic Airlines (Siam). It is presently studied how the merger is to be effected. The government is looking for a capable executive to manage the amalgamated concern. The government owns all the shares in S.A.C., 95 percent of the shares in P.O.A.S. and 26 percent of the shares in TAAS.

The Cabinet Council has not yet decided what action to take on the shares held by private interests. The five per-cent. share in P.O.A.S. is held by Mr. L.A. Lewis. If the airlines are merged, operation expenditure would be slashed.

Railway Development

By the end of the year, the Railways Department would have received 50 new locomotives and 100 waggons from Japan. The railways will have altogether 100 new steam locomotives, 30 diesel locomotives and 1,000 waggons by the end of 1951.

Loading of the first lot of rolling stock from Japan has been delayed. It was originally scheduled for four locomotives to be loaded on board a Bangkok-bound vessel on June 14. The four locomotives were loaded June 24 together with a fifth locomotive, 200 pairs of wheels and 1,000 tons of steel materials for the railways.

It is intended to have the Ban Dara and Phra Rama VI railway bridges completely repaired in three and a half years.

From the next year's budget 140 million baht for the Railways Department and 239 million baht for the Highways Department for rehabilitation purposes may be allocated. A total 570 million baht will be expended on the Railways Department's five year plan and 920 million on that of the Highways Department.

Problems of Japan's Wool Industry

(From our Correspondent in Tokyo)

According to a recent survey of the Japanese wool industry it would appear that this particular trade is making progress comparable to the general upward trend of Japanese industries. Before the war great efforts were made to place the wool trade on a sound or, in other words, a profitable basis and Australia, as the largest supplier of raw wool, benefitted proportionally.

For example, during the period 1933-37 imports of raw wool—chiefly from Australia—totalled 224 million pounds annually and in 1938 Japan ranked fifth among the wool-processing countries of the world. Efforts were made at one time to expand domestic production of raw wool and sheep were imported from Australia and elsewhere for the purpose of obtaining a breed suitable to the Manchurian climate where these experiments were carried out. The results were at that time, however, negligible and Japan until the outbreak of war, was almost totally dependent on imports. The position is the same today and in accordance with the present trade agreement with Australia (now almost due for renewal) Japan imports from that country goods, mostly raw wool and cereals, which are lumped together to the value of £6,141,000. The great difficulty the wool industry has had to face in the past lies in the fact that imports almost invariably have been in excess of the woollen manufactured article, leaving an adverse trade balance in this particular industry. It is now hoped that this may, by less consumption on the domestic market, be eliminated.

Baht Note Issue

During the week ending May 26, there was a total of 2,485,799,287 baht in actual circulation throughout the country, compared to 2,494,933,391 baht during the previous week.

During the week ending May 19 the Bank of Thailand kept 67,230,373 baht in its Banking Department, while during the week ending May 26 the bank had 76,364,417 baht in the department. Including this sum the total number of notes within the country was 2,562,163,704 baht.

Bank of Thailand has equal backing including 711,231,159 baht in securities, 147,000,000 baht in other assets, 934,868,785 baht in foreign currencies and 769,063,760 baht in gold bullion.

Savings & Lottery Campaign

In order to aid the government's policy of reducing the amount of bank notes in circulation, the Government Savings Bank plans to sell 200 million baht worth of savings bonds and 90 million baht of Savings Bank Lottery tickets during July to August. The savings bonds of 100 baht each will be repayable in five years and carry four per-cent. interest. The lottery tickets

Japanese wool manufacturers have always favoured the manufacture of woollen yarn and in 1939 some 144 million pounds of this yarn—mostly worsted—were exported. The average output of fabrics during the years 1933-37 was valued at 285 million yen. Equipment in use in 1938 consisted of 135,000 spindles and 1,163,000 worsted spindles. This figure has not yet been approached and it may be some years before it is. In fact during the five year plan now under way it is not anticipated that more than 733,000 worsted spindles will be in use. At the same time it is hoped that the annual imports of wool will reach 665 million bales by the end of 1952 when the present five year plan terminates.

We have already pointed out that one of the difficulties hitherto facing manufacturers is the tendency for wool imports to exceed exports of the manufactured goods. Every effort is to be made to avoid this and consequently consumption on the home market must be drastically curtailed. Emphasis is also to be laid on mixture fabrics but the great need of the industry at the moment is in dyestuffs and it is felt that SCAP should facilitate the acquisition of sufficient supplies. Prices for woollen exports under SCAP's assistance are reported to be lower than those manufactured in America or Europe—a point which will give strength to the growing demand that subsidies are no longer necessary in a number of industries.

According to the Economic Stabilization Board, more than half of Japan's silk is earmarked for exportation. Of

will also be paid back within the same period and during that time will take part in the monthly drawings for prizes.

The Savings Bank Lottery already sold 18 million baht worth of tickets and the original denomination of two baht was changed to ten baht because of public demand. The Savings Bank plans to organize extensive propaganda for bonds and tickets. At least six mobile units are to be established in addition to 28 more regional offices and 171 agents, which presently total 33 and 171 respectively.

The Savings Bank now holds deposits totalling 240 million baht none of which is used for private loans. About 103 million is invested in internal loans and treasury bills of the government. With the planned bond and lottery issues, the Savings Bank intends to take up at least a third of the second quarter 150-million baht instalment of treasury bills. In case the 290 million baht savings issues are all absorbed before the last quarter of 1949, the Finance Ministry may not be obliged to float loans to cover this year's investment expenditures of the budget. It will instead rely on the Savings Bank floating another 200 million bond issue.

this, some 2,000 bales of raw silk is being exported to France and Africa during the summer. This arrangement was made under the terms of a contract totalling \$25 million U.S. dollars signed between France and Japan.

Japanese Industrial Reports

FISHERIES

A good deal is being expected of the fishing industry in Japan for two reasons: (1) It is the most important source of protein food because livestock raising is considerably backward, and (2) marine products are one of the promising export items. Prospects, however, are not too bright as various problems confront the industry. The issue of fishing grounds in particular is now assuming such importance that it will have a decisive bearing upon the future of the fishing industry as a whole.

According to the export program for 1949-50 mapped out by the Economic Stabilisation Board, exports of farm, forest and marine products are scheduled at US\$79 million, of which marine products comprise \$12 million, or the second largest item next only to raw silk of \$37 million. At the rate of Y360 to the dollar, aquatic products would add up to Y4,400 million.

1949-50 Output & Export Programs for Marine Products

Item (unit in bracket)	Exports	Output
	Goal	Goal
Agar-Agar (1,000 lbs.)	900	2,500
Dried Abalone (pcls.)	2,500	2,750
Dried Scallop Ligaments (pcls.)	4,000	4,375
Dried Cuttlefish (pcls.)	20	312,500
Dried Trepangs (pcls.)	300	1,250
Dried Shark's Fins (pcls.)	3,000	4,375
Tangle (1,000 lbs.)	50	562,500
Dried Oysters (pcls.)	200	938
Dried Herring Roe (1,000 lbs.)	25	5,810
Laver (1,000,000 sheets)	1	400
Frog-legs (1,000 lbs.)	350	450
Scallop Ligaments (1,000 lbs.)	300	450
Tunas, Etc. (1,000 lbs)	600	8,200
Broadbill Swordfish (1,000 lbs.)	500	6,850
Other Fish	40	31,909
Frozen Fish Livers (M/T)	200	200
Frozen Fish Oil (M/T)	180	700

There are a large number of excellent fishing-grounds and Japanese fishermen are admittedly good at pelagic operations. In the 1949-50 fiscal year, Y14,500 million worth of fishing equipment and oil will be imported, for which Y7,170 million is expected as an import subsidy. For accelerating postwar restoration of the fishery industry, low-interest loans of Y2,260 million (Y1,110 from the Deposits Bureau of the Finance Ministry and

Y1,150 million from the United States Aid Counterpart Fund) are likely to be extended during the 1949-50 fiscal year. In the field of fishing technique, American style purse seines were recently introduced and they will be employed by leading fishing concerns, such as Taiyo Suisan, Nippon Suisan, Hoko Suisan, Goyo Suisan, Nichiro Gycgo, Azuma Boeki, Ushio Suisan, Toho Gycgo and Taihei Suisan.

Nothing appears to be more essential for Japan's fishing industry than the much desired extension of fishing-grounds. It is unthinkable, however, that post-war restrictions placed upon Japanese fishing areas and activities will be removed unconditionally at some future date. Four conditions at least must precede the move: (1) Democratic reorganisation of coastal fisheries. This will be carried out if more than 3,000 fishermen's associations are reorganised on a co-operative basis under the provisions of various fishery laws (2) Proper distribution of marine products (3) Attainment of understanding with other countries (4) Fair allotment and effective use of imported fishing equipment. In the 3-year fishery promotion program worked out by the Japan Federation of Industries, it is hoped that Japanese fishing-grounds will be extended to: (1) the East China Sea and the Yellow Sea for trawling operations in the Western area as from 1949, (2) the Southern waters for bonito and tuna fishing as from 1949, (3) the Northern waters for mother-boat whaling as from 1950, and (4) the South Kuriles and Saghalien waters for crab canneries as from 1951. It is also hoped that three whaling fleets, instead of two fleets consisting of 29 ships as heretofore, will be allowed to operate in the Antarctic.

BICYCLES

Japan's bicycle exports in 1938 totalled Y29 million, or the largest single item among machinery and tool exports. Overseas markets were, for the most part, East Asia and the South Seas, where Japanese bicycles had to compete with British, German, French and Italian makes. In those days, Japan was the largest exporter, selling two million units a year, whereas even England, the second largest, shipped about 800,000 units. In the past decade, however, British bicycle makers monopolised the Asiatic markets. It is generally estimated that British bicycle exports now exceed the one million unit mark a year. Japan's post-war shipments, on the other hand, have not yet reached the 20,000 unit level, although they have been on the increase since the war's end. All this is ascribed to the wartime ban on bicycle making and the resultant adjustment of this non-military industry, which compelled leading bicycle makers, such as Miyata, Dai Nippon and Okamoto, to convert to aircraft part manufacture.

Japan's bicycle making technique degenerated considerably in the meantime.

With the termination of the Pacific War, leading makers lost no time in resuming bicycle making. Miyata, although it suffered a big loss due to the writing-off of wartime indemnities has managed to complete post-war adjustment without reducing its capital. Dai Nippon was affected so hard that it was forced to curtail its capital by 80 per cent and to set up a second company for rubber processing. The situation is discouraging for Okamoto which has been obliged to cut its capital by 90 per cent and to establish a second company.

In addition, many aircraft and machinery works switched over to this line because they considered that it would be an easy job for aircraft builders to make bicycles. They include, to mention the most important, the following firms, Kayaba Sangyo, Fujikoshi Kozai, Nippon Kinzoku Sangyo, Mitsubishi Jukogyo (Tsu Plant), Fuji Sangyo (Ota Plant), Kataura Kogyo (Tamagawa Plant) and Nakayama Taiyo Sangyo.

From the war's end to the end of last year no apprehension was entertained about the domestic market. Even inferior bicycles sold like hot cakes at black market prices as if there had been no price ceiling. Export bicycles, on the other hand, were under strict price control. Therefore, those companies which converted to this line after the war's end manufactured bicycles exclusively for domestic sales without making any conscientious effort for technical improvement. As a consequence, their technique degenerated, and their bicycles have deteriorated.

Due to the decrease of purchasing power, domestic sales have begun to decline especially in the case of inferior makes. It often happens that the black market prices drop below the official ceiling. In some cases, although sales do not show any considerable decrease, accounts receivable are piling up because makers have to sell their manufactures on credit. This aggravates more than ever the financial difficulties on the part of bicycle makers, the newly-rising and minor interests in particular.

At this juncture the single exchange rate has been set at Y360 to the dollar, a yen level which is too high for bicycles. At this rate bicycles cannot be exported on a paying basis unless their cost of production is curtailed. Utmost efforts, therefore, will be directed toward industrial rationalisation and cost cutting so that exports may break even at the Y360 rate. And this will naturally have bearings upon domestic sales. In fact, there is some possibility that a sacrifice sale will be started even in the home market. Such being the circumstances, not a few bicycle companies can be said to be caught between two fires.

Indications are increasing that a handful of the old-established companies with excellent equipment and technique will gain more ground than ever before, whereas many other firms will gradually be weeded out. This is the inevitable course for production concentration. Furthermore, the Government is accelerating this trend through its material allocation policy: i.e. materials are not allocated for those bicycles which do not come up to the designated export specifications.

TELE-COMMUNICATION EQUIPMENT

Tele-communication equipment companies will be hard hit owing to the drastic curtailment of the 1949-50 budget as they are greatly dependent upon Government orders as in the case of rolling-stock makers. It is held that of the total production, Government needs comprise 90 per cent and civilian consumption 10 per cent. In the case of telephones, whereas the present capacity is 480,000 units, output in 1948-49 (fiscal year) totalled 280,000 units, and is likely to drop to the 100,000 unit mark in 1949-50 due to the reduction of Government orders. As for wireless equipment, radio receivers in particular, signs of over-production have appeared.

Besides these circumstances directly responsible for imminent depression, mention must be made of over-capacity in this industry. As compared with 1941, or the year when the Pacific War broke out, the number of wire communication equipment makers increased 3.5 fold and that of wireless equipment companies, 10 fold in wartime. Although many firms have been weeded out since the war's end, the present numbers of wire and wireless equipment firms are still 2-3 times, respectively, those in 1941. As of September, 1948, registered companies numbered 480, of which wire equipment makers accounted for 100, wireless equipment firms 300, cable and wire companies 80. In addition, there were about 100 unregistered companies. Employees of the 480 registered companies totalled around 100,000 (wire equipment workers comprised 26,200, wireless workers 48,800 and wire and cable workers 25,000). Their number is estimated to have decreased at least by 15,000 since September, last.

During the war, tele-communication equipment plants are estimated to have lost about 30 per cent of their capacity due to air raids. Since the war's end, however, their reconstruction has made smooth progress and their present capacity has recovered nearly to the prewar level. In March, this year, 14,000 telephones were manufactured, comprising only 36 per cent of rated capacity; 129 carrier units, 53.6 per cent; 100 telegraphs, 10 per cent; 220 wireless telegraphs, 55 per cent; 71,800 radio receivers, 71.8 per cent; 1,410,000 vacuum tubes for reception, 88.1 per cent; and 5,000 vacuum tubes for transmission, 50 per cent. This gap between rated capacity and pro-

duction will become all the more conspicuous in the future because of the budget reduction.

The production of tele-communication equipment in September, 1948, totalled Y1,509 million, of which wire equipment amounted to Y428 million, wireless equipment Y859 million, and wires and cables Y222 million. Output per worker was Y16,300 for wire equipment and Y17,600 for wireless equipment. It is to be noted that these figures constitute 30-50 per cent of the monthly production per capita for electrical machinery and appliances.

Because the domestic market is considerably limited there is no alternative, for tele-communication equipment makers but to promote overseas shipments. During 1930-31, tele-communication equipment made up only 0.04 per cent of the aggregate export, and the percentage rose to 0.21 per cent about 1935 because shipments increased to the so-called yen bloc countries. But there was no export to other countries unlike in the case of general machinery and tools. Since the war's termination, the percentage of tele-communication equipment further advanced to 2 per cent. There is much hope that shipments will increase to Siam, Pakistan, etc.

WOODEN SHIPS

Successive orders from the Soviet Union have given impetus to the wooden ship industry which has been showing signs of depression since last year. Just after the war's end, wooden craft builders enjoyed a temporary boom for some time because there was a rising demand for fishing boats owing to the postwar prosperity of the fishing business. But domestic demand soon began to slow down, and orders have been decreasing month after month. In addition, shipbuilders have been suffering from a lack of working fund. Conditions appear to be far worse for big interests with more than 100 employees than for minor firms. This is because it is hardly possible for the former to patch up the situation through temporary conversion to other wood-works and the adoption of various emergency measures unlike in the case of the latter group of shipbuilders. It is also to be noted that strict examinations by Soviet trade officials have given a chance for Japanese managers and engineers to reflect on their methods for material testing, engine construction and hull structure.

Since the war's end three orders were received from the Soviet Union: the first order for 100 tug-boats and 75 lighters, the second for 100 lighters and 7 tug-boats, and the third for 100 tug-boats, or for 382 wooden vessels in all. The first and second orders have already been fulfilled without a hitch as all the ordered vessels have been delivered, after close examinations by Soviet officials, far earlier than generally anticipated. In accordance with the third order, 100 tug-boats are now under construction at shipyards in the Kansai area (44 boats in Chugoku, 34 in Kinki, 16 in Shikoku and 6 in Kyushu). For the construction of these ships, no tenders have

been invited unlike in the case of steel ships, and the output allotment system has been adopted through consultation between shipping authorities and wooden ship makers associations. It is problematical, however, whether or not the ordered ships have been allotted in a fair and just manner, since not a few shipyards have received no allotment.

The tug-boats now under construction each have a gross tonnage of about 15 and are equipped with a 50-HP engine. The price is estimated at around Y2,100,000 for a hull, including equipment, on the basis of the export price for a 15-ton wooden ship set at Y3,000,000 by the Price Board with regard to the fulfilment of the first Soviet order. The export prices for engines and accessories still remain to be fixed. At any rate, the unit-price per gross ton is about Y200,000; or more than twice the official price for domestic use. That the export price has been set at such a high level is attributable to the strict examinations of materials, engines and hulls and the ensuing increase of expenses. All things considered, it is far more profitable for Japanese shipyards to build wooden craft for the Soviet Union than for domestic clients. The regrettable fact is, however, that the Soviet orders so far received are too small to bring the wooden ship industry into full play.

Furthermore, the Y360 single rate is a good incentive, as it is held that wooden craft exports can make both ends meet even at the rate of Y200,000.

For larger ships totalling more than 100 gross tons, some inquiries are coming, and more will come from the South Seas countries. In order to build such wooden vessels, however, it is necessary for Japanese shipyards to import superior lumber for keels, etc.

Industrial Production in April

The index for manufacturing and mining production in April again rose 1.9 per cent to 74.3. Especially remarkable was the 12.6 per cent hike in textile production. Staple fibre yarn by 17.4 per cent; and cotton yarn by 11.4 per cent. Reasons are: the smooth import of necessary materials and the sufficient allocation of motive power. The output of rayon and staple fibre was the largest ever recorded since the war's end. The operable spindlage for cotton spinning exceeded the 3,500,000 mark.

Manufacturing and Mining Production Indices

(1931-33 average=100)

	1947	1948	1949
January	32.1	42.8	63.9
February	31.8	44.3	64.4
March	39.1	50.3	72.9
April	36.6	52.8	74.3
May	40.4	53.9	—
June	40.6	53.1	—
July	41.7	55.2	—
August	39.0	55.6	—

Japanese Commercial Reports

Problems of Japan's Exports in 1949

Japan's foreign trade during the first quarter of this year fared comparatively well. During the period under review, exports totalled Y36,326,000,000 and imports Y28,254,000,000, the former amounting to 6.1 fold and the latter 3.1 fold as compared with the corresponding figures in the first three months of 1948. The total tonnages (728,000 metric tons for exports and 2,553,000 tons for imports) also registered a 96 per cent increase over the corresponding figures in the preceding year.

In terms of the U.S. dollar, the January-March exports amounted to \$175,000,000. Thus, exports during the 1948-49 fiscal year (April, 1948, to March 1949) reached a gigantic figure of about \$400,000,000, inclusive of the April-December (1948) total of \$225,000,000.

In view of the encouraging trend of the 1948-49 exports, the Government provisionally placed the exports and imports for the 1949-50 fiscal year at \$600,000,000 and \$950,000,000, respectively. Later, these figures were revised to \$590,000,000 and \$888,000,000.

The apparent lethargy in exports since April, however, is threatening to derange the \$590,000,000 export program. It should be noted in this

respect that the export "boom" during the first three months of this year, was due to specific circumstances. In the first place, the Indian Government announced that the O.G.L. system would be discontinued from April, and purchase contracts rushed in during the first three months. In the second place, there was a general belief that the official exchange rate would be fixed at a point with the yen placed comparatively high against the dollar. Naturally, Japanese merchants made haste in selling goods based on the lower yen and importers made hasty purchases of materials which, they believed, would boost in prices after the establishment of the official rate.

Under these circumstances, contracts with deliveries for May or June were concluded in these three months. The export contract with the Netherlands East Indies, which made a clean sweep of huge stocks of cotton goods in Japan, was another reason for the exceptional export "boom" during the period.

Then, a reactionary depression set in from April. Moreover, the price depreciation in the United States proved a new damper, as buyers became hesitant. Some export contracts were cancelled as the new official rate was applied to such contracts failing to issue the letters of credit by the end of March.

Pessimists hold that Japan's exports would total \$450,000,000, at best, during the 1949-50 fiscal year, that is, an amount corresponding to the 1948-49 exports. As the reasons for this view, they first refer to the price depreciation in the United States, pointing out that the demand for *Habutae* in the United States has fallen markedly and cheap American pottery is replacing Japanese products in the U.S. market. Moreover, they add, buying power in the United States is declining due to the approaching depression resulting from falling prices. In Malaya, they further point out, U.S. dollar reserve has already been exhausted, thus incapacitating that country to buy from Japan. Universalization of falling prices would further depress Japan's export industries which would be forced to cut production cost through rationalisation.

Optimists, however, take a different picture of the situation. They claim that the attainment of the \$500,000,000 goal is a certainty, although the \$600,000,000 mark may be difficult of attainment. They hold that the lower yen would not prove a serious handicap. For example, plywood, bleaching powder and paper, quoted at points higher than Y440, Y480 and Y400 to the dollar in March, fell to Y365, Y410 and Y366 in April. In March, export goods quoted at an average rate of Y390 were only 25 per cent of the whole list, but the percentage grew to 68 per cent in April. Binoculars, enamelled ironware and pottery, too, may well compete in the international market.

Export prices in foreign currency of cotton yarn and fabrics were lowered by 10 per cent in order to cope with the price situation in the United

States and Britain, and that would stabilize Japan's export position.

For all the pros and cons, Japan's foreign trade prospect is not dismal. The \$220,000,000 trade agreement with the sterling bloc with India in the lead expires in June, but it is considered that the agreement will be revised into a \$300,000,000 affair. A \$80,000,000 contract was concluded with Korea on April 23, closely followed by the conclusion of a \$60,000,000 agreement with Pakistan and a \$5,000,000 contract with Formosa. New trade agreements are also forthcoming with the Dutch East Indies, Central and South America and Europe.

In order to promote Japan's export industry in the face of apparent dampers, a drastic cut in production cost is the first key. Activities of Japanese commercial houses in overseas markets and the realisation of C.I.F. trade arrangement are other cardinal accelerators.

U.S. Aid for Japan.

The U.S. House of Representatives on May 26 passed a \$5,617,470,000 foreign aid bill for the 1949-50 fiscal year, including \$925,000,000 for Japan and other occupied areas. Originally, President Truman requested \$1,000,000 for the relief of occupied areas, but the House appropriations committee cut it to \$850,000. At the plenary session of the House of Representatives, however, \$75,000,000 of the \$150,000,000 cut was restored, thus bringing the total up to \$925,000,000.

President Truman in his original request asked for \$495,015,000 for Japan, but it was cut 15 per cent to \$420,762,750 by the House appropriations committee. Since the overall total was restored by \$75,000,000 and if the part of the appropriation for Japan is correspondingly restored, Japan will be given \$457,888,875.

What repercussions, then, will the 7.5 per cent cut in the appropriation for Japan have on Japanese economy?

The allotment to Japan during the 1948-49 fiscal year ending June totalled \$462,000,000 including \$387,000,000 in the GARIOA Fund and \$75,000,000 in the EROA Fund. The appropriation for 1949-50, if fixed at \$457,800,000, means a \$4,200,000 or 9 per cent slash.

Taking into account the price depreciation within the United States, however, the 1949-50 appropriation for Japan actually registers a substantial increase. The wholesale price index in the United States (Labor Department survey: 1926=100) stood at 169.0 in August, 1948, but fell to 157.2 in April, this year, registering a 7.5 per cent drop. The wholesale price index of foodstuffs (Dun and Bradstreet) also dropped more than 26 per cent during the corresponding period. Prices of other key materials, such as petroleum and raw cotton, also slipped.

Thus, U.S. aid to Japan during the 1949-50 fiscal year may be taken to show a substantial gain. In all probability, however, U.S. aid to Japan is likely to dwindle with the 1949-50 fiscal year as the peak.

	1947	1948	1949
September	40.1	61.3	—
October	40.2	60.2	—
November	39.5	62.4	—
December	43.2	64.4	—
Average	38.7	54.7	—

Production Indices by Major Products
(1931-33 average=100)

	March	April
Staple Fibre Yarn	52.5	67.0
Calcium Cyanamide ..	152.1	192.9
Silk Fabrics	24.6	29.0
Rayon Yarn	80.1	94.0
Paper (European Style)	53.6	61.4
Cotton Yarn	27.1	30.2
Sheet Glass	85.6	94.4
Ammonium Sulphate ..	275.3	303.1
Woollen & Worsted Yarns	3.4	3.6
Cement	81.0	85.8
Pig Iron	117.4	122.3
Silver	60.3	62.5
Petroleum	76.7	78.9
Woollen & Worsted Fabrics	11.0	11.3
Ordinary Steel Products	83.1	82.3
Electric Power	229.1	221.8
Copper	104.3	100.8
Cotton Fabrics	28.3	27.0
Gold	30.0	27.8
Coal	145.0	133.0
Sulphur	60.0	54.3
Superphosphate of Lime	114.7	102.4
Gas	124.1	110.5
Staple Fibre Fabrics ..	62.5	55.4
Caustic Soda	213.2	179.7
Soda Ash	138.9	112.2

Special Export Articles of Japan

Lacquerware

Lacquerware is a feature product of Japan, possessing high artistic value. Before the War, Japan used to produce about Y40 million worth of lacquerware a year, exporting about 5 per cent. There were cheap grade articles among those exported, but there were many of high quality. The lacquer work of Japan today leads in technical skill, outdistancing any other competitor. Originally, the technique was imported from China, but the Japanese had developed it, several centuries ago, into a most advanced technique. Compared with lacquer craftsmanship in China today, that of Japan exceeds it in technical application and the durability of the article. Lacquer on household furniture, fixtures, utensils and other

articles of daily use was developed. However, as the custom of using lacquerware in daily life is not so prevalent in foreign countries, its export was small in proportion to the total output. What was exported chiefly consisted of vanity box, finger bowl, bonbonnier, etc. A small table for the tea set or flower vase fits well with the customs abroad.

Stationery goods, toilet articles, smoking paraphernalia, etc., are considered to have possibilities. In particular, articles with lacquer coating on aluminium material have much hope as exports, since they have long durability and are practically break-proof.

The inferior grade lacquerware is liable to surface cracks, subject to changes in atmospheric humidity. This cracking had been considered abroad as one of the inherent defects of lacquerware, but any lacquerware made with conscientious workmanship has no such danger.

Prewar Japan produced about 80 metric tons of lacquer a year for making lacquerware, and imported about 1,300 metric tons. Thus, more than 90 per cent of the lacquer demand in Japan was imported, and that principally from China and French Indo-China. Of the lacquer produced in these countries, a majority of the first grade quality was shipped to Japan, the countries where it was produced using the inferior grades. Up to half a century or so ago, Japan was self-sufficient in the supply of lacquer, but the collection of lacquer is a laborious task, and when it became possible to have it imported cheaper from abroad, the output at home steadily decreased and the acreage of lacquer tree fields was reduced. The greatest part of the lacquer just before the War had been imported.

Ivory, coral and tortoise shell goods.

The raw materials are brought in mainly from the Asiatic and South Pacific countries and made into finished articles in Japan. They are art objects rich in Oriental taste and flavor. Both ivory and coral articles are also produced in China but they have no particular features other than their designs and resemble those Japanese made. Tortoise shell manufactures, however, depend on raw materials imported from the South Pacific districts, and the processing workmanship of the Japanese has distinguished itself. Tortoise shells are not used in their original natural form. The shell is peeled into small pieces; these pieces are again pasted together and formed into different shapes—different in size, shape and color.

Pearls

What is produced in Japan are cultured pearls. The trade statistic of prewar Japan reveal the total of pearl exports to be 50-60 thousand yen but the actual total is estimated at least Y5-6 million. Since pearl manufacturers are handy to carry about, much

is believed to have been taken away in the pockets of visitors and businessmen.

Shippo-Yaki

Shippo-Yaki (email) is not necessarily produced in Japan alone, but the lined Shippo-Yaki (cloisonne), featuring the characteristics of Japanese painting, chiefly produced in Nagoya and its vicinities, is a technique possessed by the Japanese alone. A considerable amount of cloisonne was exported before the War.

Camphor

Natural camphor is a product distinctive of Japan and Formosa. Before the War, both produced about 3,000 metric tons a year each. Exports differed according to years but generally from 50 to 60 per cent of the total production was sent abroad. The annual productive capacity of Japan is now about 3,000 metric tons, but actual production has been reduced to 400 metric tons. Some camphor is still used as an insecticide, but its principal use is as raw material for celluloid manufactures. With the resumption of overseas trade, Japan may export camphor; its major buyer has been the U.S. Before the War, Germany produced about 4,000 metric tons of ersatz camphor annually, and it competed with the Japanese natural camphor in the American market. But as the raw material for this ersatz camphor was turpentine oil produced in America, America is now taking over the process. Considering these factors, the Japanese camphor as an export item faces a difficult position.

Peppermint.

Peppermint is raised in many countries of the world, but peppermint grown in Japan has the particular merit of being crystalline. Peppermint that Japan had been exporting was peppermint crystals and their manufactures. If only the flavor was preferred, the peppermint produced in Europe is better suited; in Japan, peppermint of European kind is being cultivated for this particular purpose. But for collecting the crystals, the European kind is uneconomical and the preference is decidedly given to the Japanese kind.

Peppermint leaves are collected, distilled and crude oil is obtained. The process up to here is carried out in the farm houses, and the work of obtaining crystals from this crude oil is commonly carried out at the factories. The Japanese peppermint crystals are usually shipped abroad as material for menthol cane, while some are exported in the shape of canes made at home. The menthol cane is carried about in the handbag and smeared on the brow or face to refresh oneself when in a crowd (serving a similar service as smelling salts). Much research work is being made abroad to produce artificial crystals but has not attained the development yet to press Japan's natural peppermint. At present, Japan is about the only country that exports peppermint crystals.

April Trade

Exports and imports in April totalled ¥13,900 and ¥14,820 million, respectively, registering an adverse balance of ¥920 million. Imports showed a sharp increase of ¥2,900 million over March because foodstuffs and cotton gained about two and nine times, respectively, whereas there was no tangible change in exports. Textile products comprised the majority of export goods. The largest buyer was India (24 per cent), and the United States came next (14.7 per cent), followed by Java (13.2 per cent), Britain (8.2 per cent) and Hongkong (4.9 per cent). Details by commodities are as follows:

	Quantity (Unit in bracket)	Value (\$1,000,000)
Exports		
Cotton Fabrics (1,000 sq. m.)	65,483	4,727
Rayon & Staple Fibre Yarn (m/t)	1,958	856
Machinery & Parts Thereof	—	782
Chinaware	—	767
Silk Fabrics (1,000 sq. m.)	2,916	492
Iron & Steel Pro- ducts (m/t)	5,474	454
Toys	—	373
Coal (m/t)	97,255	326
Cotton Yarn (m/t)	627	290
Enamelled Ironware	—	280
Artificial Fibre Fabrics	—	230
Glass & Glassware	—	225
Cement	—	200

Imports

Cotton (1,000 kg.)	16,025.4	2,885
Wheat (m/t)	123,084	2,091
Coal (m/t)	215,826	865
Mineral Oil (kl.)	91,178	863
Beans & Peas (m/t)	22,716	702
Barley (m/t)	27,126	582
Rubber, Resins, etc. (m/t)	5,911	567
Indian (Corn (m/t)	44,125	444
Sugar (m/t)	15,106	359

Insecticide (Pyrethrum).

The insecticide has long occupied a prominent position in the international market as Japan's feature export article. However, for years previous to World War II, large scale cultivation was started at Kenya, and having earned good reputation for its quality, it began threatening the sales sphere of Japanese insecticide. In addition, toward the end of the Pacific War, Japan was forced to convert the fields for the cultivation of the insecticide chrysanthemum into food crops. The acreage of cultivation after the War has been reduced to one-third of the prewar total. Japan has not much surplus for export. Should overseas markets be further developed the cultivation might easily be increased. The insecticide chrysanthemum was originally raised in Dalmatian. The Japanese brought it home about 40 years ago and succeeded in cultivating it.

Vegetable Wax.

The vegetable wax is known as Japanese taro. As its name indicates, it is not a wax but a fat with high melting quality. In Japan it was used for candles, but of late the candle made with vegetable wax has almost disappeared. Its use, on the other hand, is ever extending as a material for adding luster to fabrics, for vanish and for the manufacture of carbon paper. In foreign countries, it is used as a substitute for beeswax. The prewar production of vegetable wax in Japan was about 4,000 metric tons a year, out of which about 3,000 tons or 80 per cent were exported. It is taken from the inner skin of the fruit of "haze" tree (*rhus succedanea*), and it is also extracted from the fruit of the lacquer tree (*rhus vernifera*). Japan is practically the only country which has exporting ability of this wax. Some is produced along the Yangtse in China, taken from the fruit of the lacquer tree, but its export quantity is small.

Agar Agar

Agar agar comes from Malaya, but Japan is the only country where agar agar is made on an industrial scale and furnished to the international market. The process of supplying agar agar in the present dried form was accidentally discovered in Japan about 250 years ago. About 200 years previous to Japan's participation in world commerce, exportation of agar agar to China had already been started, and exports continued until the outbreak of the War. Its principal use is as food, and in many cases it is substituted for gelatin. It is also used as material for adding luster to fabrics, preventing deterioration of canned goods and for making plates for cultivation of bacillus, etc.

Prewar Japan produced nearly 3,000 metric tons of agar agar a year, and 50 to 60 per cent of it was exported. Inasmuch as agar agar is a special product of Japan, the markets extended almost to all parts of the world. Its material "Tengusa," in addition to what is obtained at home, used to be imported from Korea (about one-half

of the total). With the importation of this material from Korea having been cut off after the War and a majority of Korean women who specialized in collecting "Tengusa" out of the seas in Japan gone home, the amount produced today has fallen to about 15 per cent of the prewar total (440 tons in 1946). However, should overseas markets be restored, the production might be increased to at least half the prewar total even without the importation of raw material.

The manufacturing of agar agar at present is fairly complicated and its technique has much room for scientific improvement. With the progress in the manufacturing method, it is thought possible that the cost of production might be further reduced. As the material is limited in kind today, the seaweed fished out of the territorial waters is insufficient to meet the required amount. Further research may yet lead to the discovery of some other seaweeds that could be used also as raw material. It is possible as agar agar material may be cultivated; at present the natural material alone is being used.

Shiitake (dried mushroom).

Shiitake, a kind of mushroom, is extensively sold to the public in dried form and is a food possessing self-preservative power. This has long been used as food in daily dishes of the people and was first exported to China about 300 years ago. After the War, the American Army authorities have noted this dried mushroom and declared that it is superior among dried edibles in Japan. Should this nourishing quality be made known to a wider extent, it might be one of the important items in export business.

Shiitake is cultivated in Japan. The dried trunks of Shii (*pasania*), Kuri (chestnut), Nara (a kind of oak) are cut into handy lengths and thoroughly dehydrated. Then these cut pieces are taken to where it is to be cultivated. On these pieces the cellular seed is planted and, giving it proper humidity, it is allowed to grow. The third year from the time of the first cultivation is most fruitful. The cap measures a few centimeters, its surface shows purplish dark red or blackish dark red with a scale-like skin. Inside the cap it is white plaited. These mushrooms are gathered, dried and sent to the market. Before the War, Japan produced about 4 million pounds a year and exported 50 to 60 per cent of it. Shiitake requires no extensive ground to cultivate and can be carried out in a mountainous locality. Its superior edible quality seems to have been unknown abroad.

Porcelain ware.

The porcelain ware industry has an old tradition in Japan and is older than that in European countries. Its annual production before the War amounted to about Y150 million, one half of which was sold abroad. In the United States where the largest quantity of Japan's porcelain ware was in demand, Japan engaged in competition with British, German, French and

Czech manufactures. These five countries were the major exporters of porcelain ware in the world.

Japanese porcelain ware, before the War, was roughly divided into two classes; the popular priced grade for Asiatic countries and high priced articles or aircraft products for Europe and America.

Products having possibility of exportation to the European and American markets should be of high grade quality with more or less artistic touch, while tableware and sanitary utensils, etc., of cheap grade will maintain their sales in Asiatic countries. Electric insulators, fire proof bricks, etc., are exports which Japan is seeking to develop.

Enamelled Iron Ware.

Enamelled iron ware was a major export article before the War and much was sent to the southern areas and African markets. The people who have not developed their mode of living to the stage where porcelain or chinaware are found suitable, prefer break-proof enamelled iron ware. Post-war Japan, however, finds herself not only short of iron, but also short of soda ash which is material for enamel and also of fuel.

Paper Ware

Japan's exports of paper-made articles before the War amounted annually to about Y10 million. Major items consisted of envelopes, tablets, account books, napkins and playing cards. The paper napkin used second hand Manila hemp rope as its material and was extensively sold abroad, but at present the production is small due to shortage of material. Playing cards are gaining in export volume.

In addition to these (although not strictly paper-made articles), Japanese umbrellas, paper lanterns, folding fans and round fans were exported to a total of about one million yen a year before the War. As articles with exotic flavor, these will continue to maintain sales abroad.

Celluloid Articles.

Japan's annual celluloid output before the War was estimated at about 10,000 metric tons or 40 per cent of the world's total production. Large quantities of celluloid articles were used at home, while their exports totalled about Y10 million. The celluloid industry achieved this development by taking advantage of a large production of natural camphor in Formosa and at home. With Formosa gone, whether the industry can regain its prewar prosperity is open to question. But if the industry should aim at recovering the productive capacity to the average level of prewar days it would not be impossible to realize the object with camphor that is produced at home. Of exported celluloid articles, the largest in value were toys, followed, in order, by combs and other toilet goods. Exports of these articles are reviving. Of combs and others, large quantities made of synthetic resin are being manufactured.

Reports from Malaya

Rubber

During May, exports of rubber from the Federation of Malaya amounted to 30,179 long tons, a drop of 5.8% against April's exports of 32,048 tons and of 16.9% against the January/May monthly average of 36,337 tons. Total imports for the five months January to May amounted to 181,688 t. In the list of purchasers of rubber the United States was as usual the most important, taking 10,679 tons or 35.3% of the total, Great Britain came next with 5,334 tons, and France and Germany followed with 3,408 and 2,824 tons respectively; other countries were: the Netherlands 885 tons, Belgium 754, Canada 713, Sweden 711, Mexico 710, Italy 608, Argentine 552, Poland 500, Japan 455, Finland 350, Turkey 308, Denmark 262, Australia 204, Norway 197, South Africa 162, Hongkong 143, Yugoslavia 125, Chile 123, New Zealand 80, Hungary 50, Switzerland 26, China 12, and India 4 tons. Of these exports 17,066 tons were from Penang and 13,113 tons were shipped from Port Swettenham; 22,533 tons went through Singapore.

Imports of rubber into the Federation during May totalled 2,054 tons as compared with 3,149 tons in April, a

Toys.

Exports of celluloid toys from prewar Japan amounted annually to about Y30 to Y40 million and were important among export articles. In the prewar export of toys, those made of celluloid showed the largest value, and this tendency is still manifest in the postwar overseas trade. Those toys made of metal followed a close second, further followed, in order, by those made of wood, porcelain, cloth and paper. Metal-made toys were mostly high grade articles.

Straw Braid.

Braids are used for hats or hat bodies and prewar Japan used to export hemp braids and straw braids. The hemp braid is made of high grade Manila hemp while the straw braid is made of stalks of barley specially cultivated for the purpose. There is also the cellophane braid.

fall of 34.7%, and of 48.8% against the monthly average for the January/May period of 4,012 tons. From January to May the total amount of rubber imported was 20,161 tons, made up of 16,746 tons of smoked sheet, 1250 tons remilled crepes, blanket, native bark & scrap crepes, 1031 t. wet sheet, 745 t. dry unsmoked sheet, 372 t. scrap lump & bark, 17 t. estate crepes. Of these imports 1020 tons came from Sumatra, 665 t. from Siam and 369 t. from Burma.

Total stocks of rubber on hand at the end of May amounted to 86,721 tons as against the figure for April of 71,939 t., dealers stocks totalled 43,438 t. (April 39,848 t.) and stocks at ports 5,892 t. (April 6,757 t.), while stocks on estates came to 22,609 t. (April 20,116 t.). Dealers stocks were apportioned as follows: Perak 8691 tons, Selangor 8192 t., Johore 6627 t., Prov. Wellesley 6374 t., Penang 3809 t., Negri Sembilan 2402 t., Kedah 1904 t., Kelantan 1047 t., Pahang 846 t., Trengganu 215 t. and Perlis 23 t. Port stocks were held at Penang 4139 t., Port Swettenham 1320 t. and Teluk Anson 433 t. Stocks on estates were as follows: Selangor 5298 t., Johore 4585 t., Perak 3716 t., Negri Sembilan 3198 t., Kedah 2163 t., Pahang 1486 t., Malacca 1202 t., Kelantan 495 t., Penang & Pr. Wellesley 370 t., Trengganu 79 t. and Perlis 17 t. Of these stocks, 18,699 tons were held on European estates of 100 acres and over, 2713 t. were on Chinese estates, 883 on Indian and 334 t. on estates under other ownership. Stocks on small-holdings (estates of under 100 acres) are not given in the statistics issued by the Federation Registrar of Statistics.

Production of rubber amounted to a total of 52,069 tons during May, compared with 44,886 t. during April and 49,607 t. for May 1948; 27,505 t. was on European estates (April 23,142 t.), 4015 t. on Chinese estates (3305 t.), 1212 t. on Indian estates (993 t.), 838 t. on others (702 t.), while 18,499 t. were from small-holdings (April

16,744 t.) Total production of rubber from January to May was 270,485 tons. Prepared latex production totalled 3689 tons as against April's figure of 2760 t.; of this amount 2394 t. was centrifuge concentrate (April 1558 t.), 807 t. was cream concentrate (714 t.), 68 t. was preserved field latex (182 t.), and 420 t. was any other method including revertex (306 t.). Total production on estates and small-holdings for the January/May period was 270,485 tons (estates 159,318 t., small-holdings 111,167 t.), compared with 287,091 t. for January/May 1948 and of prepared latex 17,316 t.

Soap.

Imports of soap during May into Singapore and Malaya (excluding trade between these two territories), according to figures supplied by the Registrar of Malayan Statistics, amounted to 6576 cwts of washing soap, 415,852 lb. of toilet soap and 64,239 lbs. of other kinds of soap; imports for the period January/May are 26,856 cwts., 844,496 lbs. and 249,894 lbs. respectively. From the United Kingdom came 6240 cwts, 380,991 lbs. and 54430 lbs. of the soap already enumerated, from Australia came 336 cwts., 19112 lbs. and 9809 lbs., from Hongkong was imported 6828 lbs. of toilet soap and from India 8921 lbs. of toilet soap.

Exports of soap from Singapore and the Federation during May (excluding trade between the two territories) amounted to 13,624 cwts. of washing soap, 9957 lbs. of toilet soap and 1918 lbs. of other kinds of soap, the cumulative figures for the period January to May being 65,985 cwts., 18,610 lbs. and 27,752 lbs. respectively. Exports to Hongkong amounted to 6590 cwts. of washing soap and 48 lbs. of toilet soap, to Sumatra went 924 cwts. washing soap, 9434 lbs. toilet soap and 1200 lbs. other kinds of soap, to Burma 1850 cwts. washing soap, to Pakistan 446 cwts. washing soap, and to Arabia 947 cwts. washing soap.

The quantity of soap manufactured amounted to 37,420 cwts. during May (Singapore 25,830 cwts., Federation 11,590 cwts.), the quantity sold was 21,144 cwts. (Singapore 12,710 cwts., Fed. 8434 cwts.) and stocks held at the end of the month totalled 24,484 cwts. (Singapore 20,204 cwts., Fed. 4,280 cwts.)